

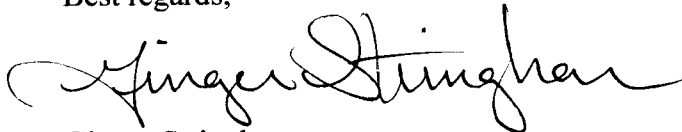
February 20, 2006

Utah Division of Oil, Gas and Mining  
1549 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

Dear Sir or Madam:

The attached APD is set on forty (40) acre spacing. A hearing was held with The Board of Oil, Gas and Mining on January 25, 2006, which vacated the 320 acre standup drilling units and was replaced with statewide well sitting rule R649-3-2. Docket No. 2005-017 Cause No. 207-02. If you have any further questions, please feel free to call.

Best regards,

A handwritten signature in cursive script that reads "Ginger Stringham". The signature is fluid and extends across the width of the text block.

Ginger Stringham  
Agent for Slate River Resources, LLC  
PO BOX 790203  
Vernal, UT 84079  
435-789-4162 (office)  
435-789-8188 (fax)

FEB 2 / 2006

**STATE OF UTAH**  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐  
(highlight changes)

<b>APPLICATION FOR PERMIT TO DRILL</b>		5. MINERAL LEASE NO. <b>UT10001.00</b>	6. SURFACE: <b>Fee</b>
1A. TYPE OF WORK: <b>DRILL</b> <input checked="" type="checkbox"/> <b>REENTER</b> <input type="checkbox"/> <b>DEEPEN</b> <input type="checkbox"/>		7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: <b>OIL</b> <input type="checkbox"/> <b>GAS</b> <input checked="" type="checkbox"/> <b>OTHER</b> _____ <b>SINGLE ZONE</b> <input type="checkbox"/> <b>MULTIPLE ZONE</b> <input checked="" type="checkbox"/>		8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: <b>Slate River Resources, LLC</b>		9. WELL NAME and NUMBER: <b>Mustang 1321-6N</b>	
3. ADDRESS OF OPERATOR: <b>418 E. Main ST</b> <small>CITY</small> <b>Vernal</b> <small>STATE</small> <b>UT</b> <small>ZIP</small> <b>84078</b>		PHONE NUMBER: <b>(435) 781-1871</b>	
4. LOCATION OF WELL (FOOTAGES): AT SURFACE: <b>712' FSL &amp; 1569' FWL</b> AT PROPOSED PRODUCING ZONE: <b>Same as above</b>		11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <b>SESW 6 13S 21E</b>	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: <b>68.5 miles south of Vernal, UT</b>		12. COUNTY: <b>Uintah</b>	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): <b>712'</b>		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: <b>40</b>	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): <b>3000'</b>		20. BOND DESCRIPTION: <b>B-001556</b>	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): <b>5,903' GR</b>		23. ESTIMATED DURATION: <b>30 Days</b>	
16. NUMBER OF ACRES IN LEASE: <b>19199.88</b>		22. APPROXIMATE DATE WORK WILL START: <b>4/1/2006</b>	

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT				
12 1/4	9 5/8 H-40 32.2#	1,500	Cement "V"	200 sks	3.82cuft/sk	11.0 PPG	
		2,000	Class "G"	100 sks	1.15cuft/sk	15.8 PPG	
7 7/8	4 1/2 M-80 11.6#	8,000	Premium	350 sks	3.82cuft/sk	11.0 PPG	
		8,000	Class "G"	1000 sks	1.25cuft/sk	14.2 PPG	

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN <input checked="" type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Ginger Stringham TITLE Agent

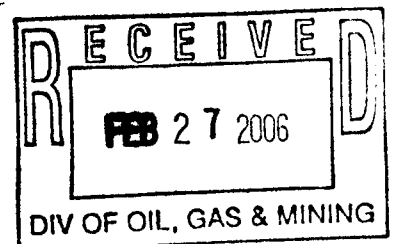
SIGNATURE *Ginger Stringham* DATE 2/20/2006

(This space for State use only)

API NUMBER ASSIGNED: 43-047-37863

**Approved by the**  
**Utah Division of**  
**Oil, Gas and Mining**

Date: 05-04-06  
By: *[Signature]*



**T13S, R21E, S.L.B.&M.**

**SLATE RIVER RESOURCES, LLC**

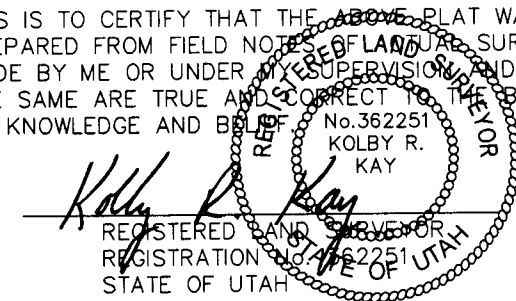
WELL LOCATION, MUSTANG 1321-6N,  
LOCATED AS SHOWN IN THE SE 1/4  
SW 1/4 OF SECTION 6, T13S, R21E,  
S.L.B.&M. UTAH COUNTY, UTAH.

**NOTES:**

1. Well footages are measured at right angles to the Section Lines.
2. Bearings are based on Global Positioning Satellite observations.



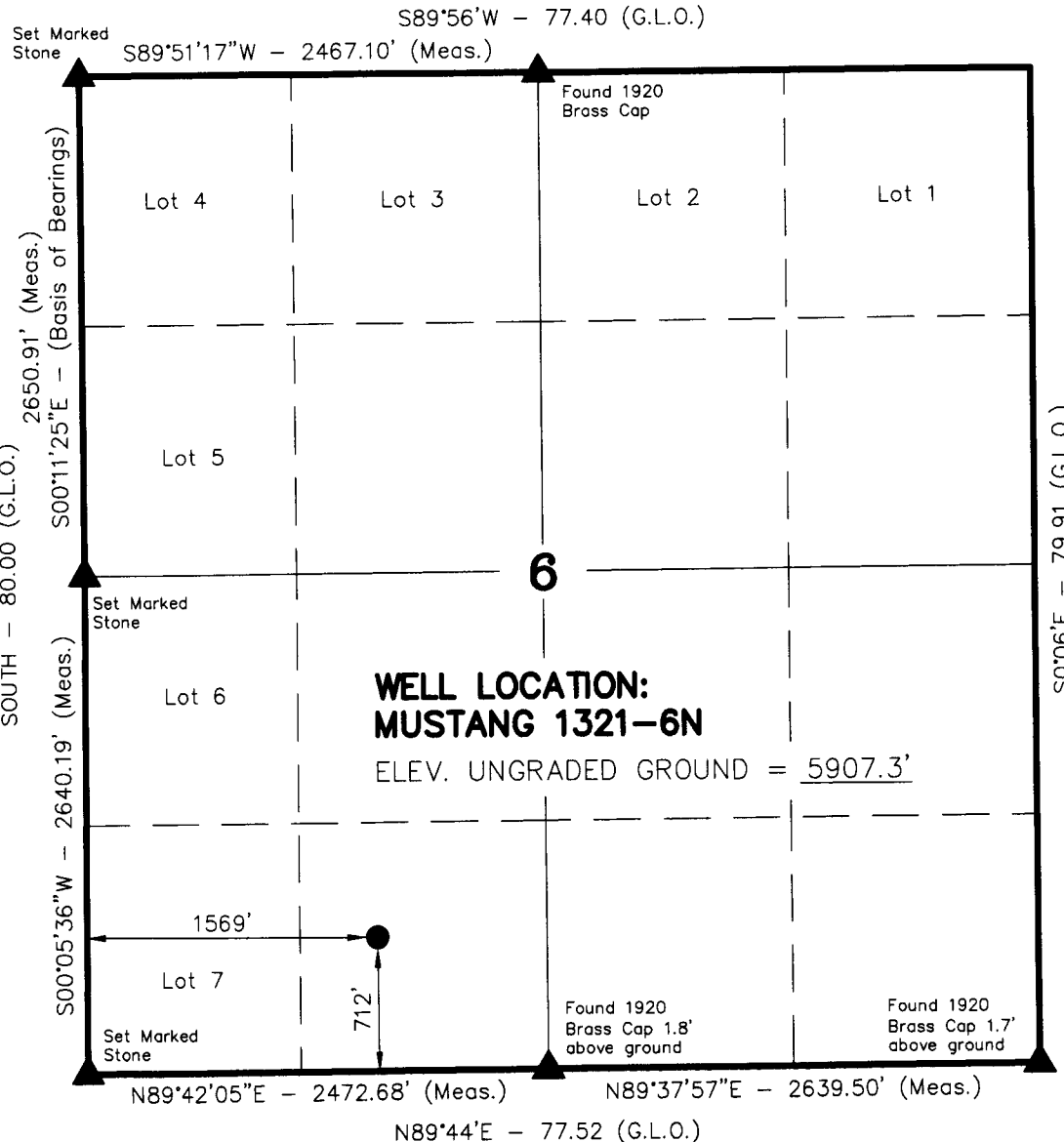
THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS  
PREPARED FROM FIELD NOTES OF LAND SURVEYS  
MADE BY ME OR UNDER MY SUPERVISION AND THAT  
THE SAME ARE TRUE AND CORRECT TO THE BEST OF  
MY KNOWLEDGE AND BELIEF.



**TIMBERLINE LAND SURVEYING, INC.**

38 WEST 100 NORTH. - VERNAL, UTAH 84078  
(435) 789-1365

DATE SURVEYED: 2-22-05	SURVEYED BY: K.K.	<b>SHEET</b> <b>1</b> <b>OF 10</b>
DATE DRAWN: 2-24-05	DRAWN BY: J.R.S.	
SCALE: 1" = 1000'	Date Last Revised:	



▲ = SECTION CORNERS LOCATED

BASIS OF ELEVATION IS BENCH MARK 66 WF 1952  
LOCATED IN THE NE 1/4 OF SECTION 6, T13S, R21E,  
S.L.B.&M. THE ELEVATION OF THIS BENCH MARK IS  
MARKED ON THE AGENCY DRAW NE 7.5 MIN.  
QUADRANGLE AS BEING 5812'.

**MUSTANG 1321-6N**  
**(Proposed Well Head)**  
**NAD 83 Autonomous**  
LATITUDE = 39° 42' 37.1"  
LONGITUDE = 109° 36' 46.4"

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: Fee Leases, see attached

LEASE NUMBER: Fee, no numbers assigned

and hereby designates

NAME: Ginger Stringham, Paradigm Consulting Inc.

ADDRESS: PO Box 790203

city Vernal state UT zip 84078

as his (check one) agent ☒ / operator ☐, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

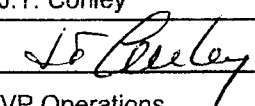
Fee leases, see attached

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: 03/01/2005

BY: (Name) J.T. Conley  
(Signature)   
(Title) VP Operations  
(Phone) (435) 781-1871

OF: (Company) Slate River Resources, LLC  
(Address) 418 East Main  
city Vernal  
state UT zip 84078

**UT10001.000**

**Eagle Minerals Ltd. Oil and Gas Lease**

**Dated February 1, 2005**

**Recorded Book 914, Page 535 Uintah County, Utah**

**DESCRIPTION OF LEASED PREMISES:**

**TOWNSHIP 12 SOUTH, RANGE 20 EAST, S.L.M.**

Section 21:	All (640.00 acres)	Serial Number: 10:079:0001
Section 22:	All (640.00 acres)	Serial Number: 10:080:0001
Section 23:	All (640.00 acres)	Serial Number: 10:081:0001
Section 24:	W/2 (320.00 acres)	Serial Number: 10:082:0001
Section 25:	W/2 (320.00 acres)	Serial Number: 10:083:0001
Section 26:	All (640.00 acres)	Serial Number: 10:084:0001
Section 27:	All (640.00 acres)	Serial Number: 10:085:0001
Section 28:	All (640.00 acres)	Serial Number: 10:086:0001
Section 29:	All (640.00 acres)	Serial Number: 10:087:0001
Section 35:	All (640.00 acres)	Serial Number: 10:089:0001

**TOWNSHIP 12 SOUTH, RANGE 21 EAST, S.L.M.**

Section 31:	Lots 3, 4, E/2SW/4 (SW/4) (149.66 acres)	Serial Number: 10:093:0002
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**TOWNSHIP 13 SOUTH, RANGE 20 EAST, S.L.M.**

Section 1:	Lots 1,2,3,4, S/2N/2, S/2 (All) (640.24 acres)	Serial Number: 11:004:0001
Section 3:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.80 acres)	Serial Number: 11:005:0001
Section 4:	Lots 1,2,3,4, S/2N/2, S/2 (All) (642.00 acres)	Serial Number: 11:006:0001
Section 5:	Lots 1,2,3,4, S/2N/2, S/2 (All) (641.40 acres)	Serial Number: 11:007:0001
Section 6:	Lots 1,2,3,8,10,11,13, S/2 NE/4, SE/4NW/4, E/2SW/4, SE/4 (585.52 acres)	Serial Number: 11:008:0001
Section 7:	Lots 2,3,4,5, E/2W/2, E/2 (All) (636.15 acres)	Serial Number: 11:009:0001
Section 8:	All (640 acres)	Serial Number: 11:010:0001
Section 9:	All (640 acres)	Serial Number: 11:011:0001
Section 10:	All (640 acres)	Serial Number: 11:012:0001
Section 11:	All (640 acres)	Serial Number: 11:013:0001
Section 12:	All (640 acres)	Serial Number: 11:014:0001
Section 13:	All (640 acres)	Serial Number: 11:015:0001
Section 14:	All (640 acres)	Serial Number: 11:016:0001
Section 15:	E/2 (320 acres)	Serial Number: 11:017:0001
Section 22:	E/2 (320 acres)	Serial Number: 11:018:0001
Section 23:	All (640 acres)	Serial Number: 11:019:0001
Section 24:	All (640 acres)	Serial Number: 11:020:0001
Section 25:	All (640 acres)	Serial Number: 11:021:0001
Section 26:	All (640 acres)	Serial Number: 11:022:0001
Section 27:	NE/4 (160 acres)	Serial Number: 11:023:0001

**TOWNSHIP 13 SOUTH, RANGE 21 EAST, S.L.M.**

Section 6:	Lots 3,4,5,6,7, SE/4NW/4, E/2SW/4 (W/2) (299.60 acres)	Serial Number: 11:026:0002
Section 7:	Lots 1,2,3,4, E/2W/2 (W/2) (300.28 acres)	Serial Number: 11:027:0002
Section 18:	Lots 1,2,3,4, E/2W/2 (W/2) (301.64 acres)	Serial Number: 11:033:0001
Section 19:	Lots 1,2,3,4, E/2W/2 (W/2) (303.44 acres)	Serial Number: 11:034:0001
Section 30:	Lots 1,2,3,4, E/2W/2 (W/2) (304.80 acres)	Serial Number: 11:038:0001
Section 31:	Lots 1,2, E/2NW/4 (NW/4) (153.27 acres)	Serial Number: 11:039:0001

UINTAH COUNTY, UTAH  
containing a total of 19,199.80 acres, more or less

**UT10002.000**

**Uintah Oil Association Oil & Gas Lease**

**Dated September 15, 2004**

**Recorded Book 904, Page 1 Uintah County, Utah**

**Description of Leased Premises**

Township 12 South, Range 21 East

Sec 31: SE/4

Sec 32: S/2

Township 13 South, Range 21 East

Sec 5: Lots 2,3,4, S/2NW/4, SW/4NE/4, SW/4, W/2SE/4

Sec 6: Lots 1,2, S/2NE/4, SE/4

Sec 7: E/2

Sec 8: W/2, W/2NE/4, NW/4SE/4

Uintah County, Utah

2,038.96 acres

**UT10003.000**

**Utah Oil Shales, Inc. Oil & Gas Lease**

**Dated September 15, 2004**

**Recorded Book 904, Page 9 Uintah County, Utah**

**Description of Leased Premises**

Township 13 South, Range 21 East

Sec 4: Lots 1,2,3,4, S/2N/2, S/2

Sec 5: Lot 1, SE/4NE/4, E/2SE/4

Sec 8: E/2E/2, SW/4SE/4

Sec 9: All

Sec 16: W/2

Sec 17: E/2

Uintah County, Utah

2,278.69 acres

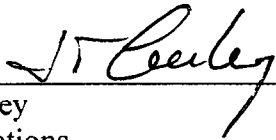
**AFFIDAVIT OF SURFACE OWNER USE AGREEMENT**

Slate River Resources, LLC has in place, agreements with the surface owners of the following leases. Slate River Resources, LLC is the operator and makes this certification that the agreements provide for management of the Fee surface lands under development.

**Eagle Minerals Ltd. Oil and Gas Lease**

**Uintah Oil Association Oil & Gas Lease**

**Utah Oil Shales, Inc. Oil & Gas Lease**



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J.T. Conley  
VP Operations  
Slate River Resources, LLC  
418 East Main  
Vernal, UT 84078  
435-781-1871

**Ten Point Plan**  
**Slate River Resources, LLC**  
**Mustang 1321-6N**

**Section 6, Township 13 South, Range 21 East, SESW**

**1. Surface Formation**

Green River

**2. Estimated Formation Tops and Datum:**

<u>Formation</u>	<u>Depth</u>	<u>Datum</u>
Green River	Surface	5903.0' G.R.
Wasatch	2280'	3623.0'
Mesaverde	4780'	1123.0'
Castlegate	6760'	-857.0'
Mancos	7400'	-1497.0'
TD	8000'	-2097.0'

A 12 ¼ hole will be drilled to 2,000' +/- . The hole depth will depend on the depth that the Birds Nest Zone is encountered. The hole will be drilled 400' beyond the top of the Birds Nest.

**3. Producing Formation Depth:**

Formation objective includes the Green River, Wasatch, Mesaverde and its sub-members.

Off Set Well information (Wells within a one-mile radius)

**Drilling/Permitted:**

**Abandon Well:**

Uintah Oil Association 1321-6G  
Mustang 1321-7F  
Mustang 1321-6C  
Uintah Oil Association 1321-7A  
Mustang 1320-12A  
Mustang 1320-1I

UOA #1



#### 4. Proposed Casing:

<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight/FT</u>	<u>Grade</u>	<u>Coupling &amp; Tread</u>	<u>Casing Depth</u>	<u>New/Used</u>
12 ¼	9 5/8	32.3#	H-40	ST&C	2000	NEW
7 7/8	4 ½	11.6#	M-80	LT&C	T.D.	NEW

#### Cement Program:

The Surface Casing will be cemented to the Surface as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	9 5/8	Cement "V" Gel 16% BWOC Gilsonite 10#/sk Salt 3% BWOC GR-3 3#/sk Flocele ¼#/sk	200 sks +/-	3.82 ft³/sk	11.0 ppg
Tail:	9 5/8	Cement "G" 2% Calcium Chloride Flocele ¼ #/sk 0.1% R-3 2% Bentonite	100 sks. +/-	1.15 ft³/sk	15.8 ppg
Top Out:	9 5/8	Cement "G" Calcium Chloride 3%BWOC Flocele ¼ #/sk	100 sks +/-	1.15 ft³/sk	15.8 ppg

Note: Topout will be a sufficient amount to bring cement to the surface.

Production casing will be cemented to 2,000' or higher as follows:

	<u>Casing Size</u>	<u>Cement Type</u>	<u>Cement Amounts</u>	<u>Cement Yield</u>	<u>Cement Weight</u>
Lead:	4 1/2	Premium Cement 100% Gel 16% BWOC Salt 3% BWOC Gilsonite 10#/sk Flocele 1/4 #/sk GR-3 3#/sk	350 sks +/-	3.82ft <sup>3</sup> /sk	11.0 ppg
Tail:	4 1/2	Class "G" 50% POZ 50% Gel 2% BWOC Salt 10%BWOC Dispersant .4% BWOC Fluid loss .3% Flocele 1/4 #/sk	1000 sks +/-	1.25ft <sup>3</sup> /sk	14.2 ppg

## 5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 3000 psi.

A 3000-psi WP BOP system as described in the BOP and Pressure Containment Data (attached) will be installed and maintained from the 9 5/8" surface casing. The BOP system including the casing will be pressure tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during the drilling operation.

## 6. Mud Program:

<u>Interval</u>	<u>Mud weight lbs./gal.</u>	<u>Viscosity Sec./OT.</u>	<u>Fluid Loss Ml/30 Mins.</u>	<u>Mud Type</u>
0-2000	Air/Mist	-----	No Control	Air/Air mist
2000-T.D.	8.4-12.0	30	8-10	Water/Gel

## **7. Auxiliary Equipment**

Upper Kelly cock, full opening stabbing valve, 2 ½" choke manifold and pit level indicator.

## **8. Testing, Coring, Sampling and Logging:**

- a) Test: None are anticipated.
- b) Coring: There is the possibility of sidewall coring.
- c) Sampling: Every 25' from 2000' to T.D.
- d) Logging: 

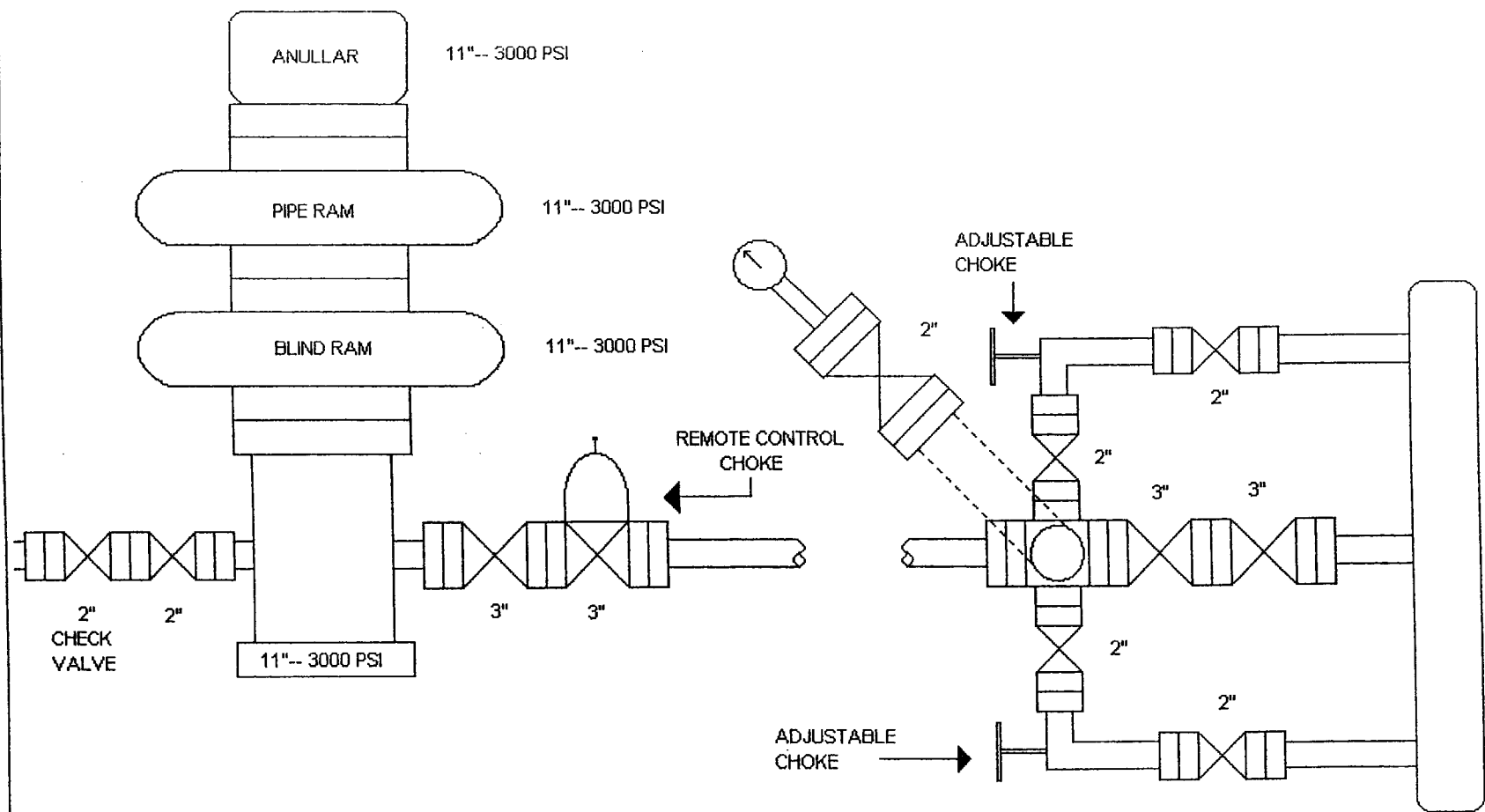
Type	Interval
DLL/SFL W/GR and SP	T.D. to Surf. Csg
FDC/CNL W/GR and CAL	T.D. to Surf. Csg

## **9. Abnormalities (including sour gas):**

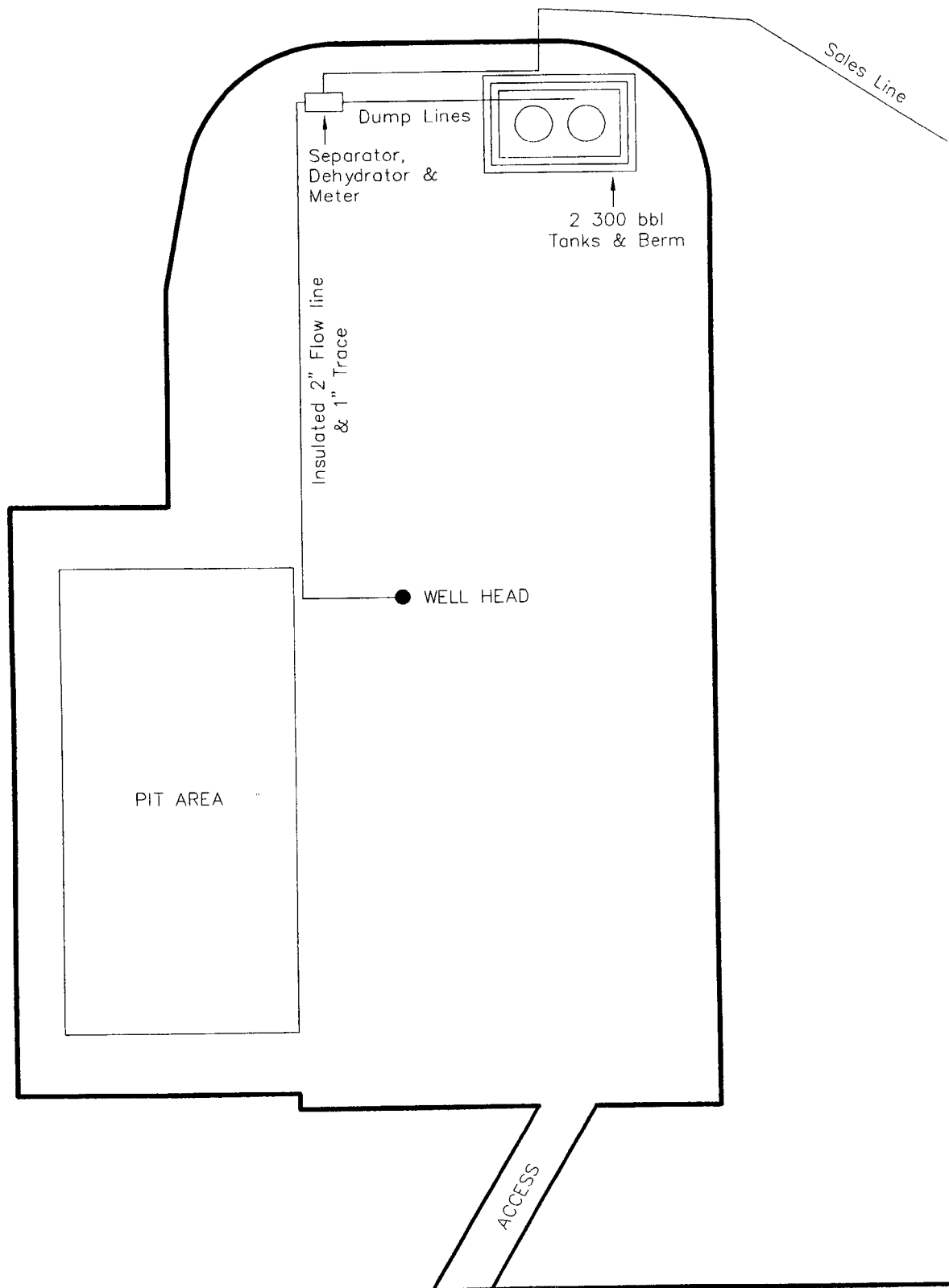
No abnormal pressures, temperatures or other hazards are anticipated. Oil and gas shows are anticipated in the Wasatch Formation. Other wells drilled in the area have not encountered over pressured zones or H<sub>2</sub>S.

## **10. Drilling Schedule:**

The anticipated starting date is April 1, 2006. Duration of operations is expected to be 30 days.



# TYPICAL PRODUCTION LAYOUT



**SLATE RIVER RESOURCES, LLC**

**13 POINT SURFACE USE PLAN**

**FOR WELL**

**MUSTANG 1321-6N**

**LOCATED IN THE SE ¼ SW ¼**

**SECTION 6, TOWNSHIP 13 SOUTH, RANGE 21 EAST S.L.B.& M.**

**UINTAH COUNTY, UT**

**LEASE NUMBER: UT10001.000**

**SURFACE OWNERSHIP: FEE**

1. Existing Roads:

**SLATE RIVER RESOURCES, LLC  
Mustang 1321-6N  
Section 6, T13S, R21E, S.L.B.&M.**

**PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14 MILES TO THE JUNCTION OF STATE HIGHWAY 88; EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 17 MILES TO OURAY, UTAH; FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 29.4 MILES TO ITS INTERSECTION WITH THE BUCK CANYON ROAD (COUNTY B ROAD 5460); EXIT RIGHT AND PROCEED IN A SOUTHWESTERLY DIRECTION ALONG THE BUCK CANYON ROAD APPROXIMATELY 3.2 MILES TO WILLOW CREEK; TURN RIGHT AND PROCEED IN A NORTHWESTERLY DIRECTION ALONG THE WILLOW CREEK ROAD (COUNTY B ROAD 5120) APPROXIMATELY 2.1 MILES TO ITS INTERSECTION WITH THE AGENCY DRAW ROAD (COUNTY B ROAD 5340); EXIT LEFT AND PROCEED IN A WESTERLY THEN SOUTHERLY DIRECTION ALONG THE AGENCY DRAW ROAD APPROXIMATELY 2.7 MILES TO THE PROPOSED ACCESS ROAD; FOLLOW ROAD FLAGS IN A SOUTHWESTERLY DIRECTION APPROXIMATELY 700 FEET TO THE PROPOSED LOCATION.**

**TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 68.5 MILES.**

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads. Please see the attached map for additional details.

2. Planned access road

**The proposed access road will be approximately 120' +/- of new construction on lease. The road will be graded once per year minimum and maintained.**

A) Approximate length	120 ft
B) Right-of-Way width	30 ft
C) Running surface	18 ft
D) Surface material	Native soil
E) Maximum grade	5%
F) Fence crossing	None
G) Culvert	None
H) Turnouts	None
I) Major cuts and fills	None
J) Road Flagged	Yes
K) Access road surface ownership	Fee
L) All new construction on lease	Yes
M) Pipe line crossing	No

Please see the attached location plat for additional details.

**An off lease Right-of-Way will not be required.**

All surface disturbances for the road and location will be within the lease boundary.

### 3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well	None
B) Water well	None
C) Abandoned well	
UOA #1	
D) Temp. abandoned well	None
E) Disposal well	None
F) Drilling /Permitted well	
Uintah Oil Association 1321-6G	
Uintah Oil Association 1321-7A	
Mustang 1320-12A	
Mustang 1320-11	
Mustang 1321-7F	
Mustang 1321-6C	
G) Shut in wells	None
H) Injection well	None
I) Monitoring or observation well	None

Please see the attached map for additional details.

### 4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a **Carlsbad Canyon or Olive Green** color. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

The operator will adhere to all site security guidelines and regulation identified in 43 cfr 3126.7.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a surface gas line will be required.

**Approximately 145' +/- of 3" pipeline would be constructed on Private Lands. The line would tie into the proposed pipeline in Section 6, T13S, R21E. The line will be strung and boomed to the west of the location.**

**An off lease Right-of-Way will not be required.**

Please see the attached location diagrams for pipeline location. There will be no additional surface disturbances required for the installation of a gathering line.

The gas meter run will be located within 500' of the wellhead. The gas line will be buried or anchored down from the wellhead to the meter. Meter runs will be housed and/or fenced.

The gas meter will be calibrated and the tank strapped in place prior to any



deliveries. Tests for meter accuracy will be conducted monthly for the first three months on new meter installations and at least quarterly thereafter. The authorized officer will be provided with a date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration report will be submitted to the BLM's Vernal District office and State of Utah, Division of Oil, Gas, and Mining. All measurement facilities will conform to API (American Petroleum Institute) and AGA (American Gas Association) standards for gas and liquid hydrocarbon measurement.

5. Location and type of water supply

**Water for drilling and cementing  
will come from Willow Creek  
Permit # - T-76043**

6. Source of construction materials

All construction material for this location site and access road shall be borrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

The reserve pit will be approximately **8 ft.** deep and most of the depth shall be below the surface of the existing ground Please see the attached plat for details.

The reserve pit will be lined.

The reserve pit will be used to store water for drilling. A semi-closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank. The pit will be used to hold non-flammable materials such as cuttings, salt, drilling fluids, chemicals, produced fluids, etc.

B) Produced fluids:

Produced water will be confined to the reserve pit, or if deemed necessary, a storage tank for a period not to exceed 120 days after initial production. During the 120-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

attached to the top of the entire fence.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.

9. Well-site layout

Location dimensions are as follows:

- A) Pad length 340 ft
- B) Pad width 250 ft
- C) Pit depth 8 ft
- D) Pit length 160 ft
- E) Pit width 60 ft
- F) Max cut 24.2 ft
- G) Max fill 12.2 ft
- H) Total cut yds. 10,580 cu yds
- I) Pit location north side
- J) Top soil location east side
- K) Access road location north side
- L) Flare Pit corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is

C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.

E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately 1,630 cubic yards of material. Topsoil will be stockpiled in one distinct pile.

Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. When all drilling and completion activities have been completed and the pit back-filled the topsoil from the pit area will be spread on the pit area. The pit area will be seeded when the soil has been spread. The unused portion of the location (the

area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled

All disturbed areas will be re-contoured to the approximate natural contours. Prior to back filling the pit the fences around the reserve pit will be removed.

The reserve pit will be reclaimed within 120 days of well completion. If the reserve pit has not dried sufficiently to allow back filling, an extension on the time requirement for back filling the pit will be requested. Once reclamation activities have begun, they shall be completed within 30 days.

After the reserve pit has been reclaimed, no depressions in the soil covering the reserve pit will be allowed. The objective is to keep seasonal rainfall and run off from seeping into the soil used to cover the reserve pit. Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified. And left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Seed Mix

**To be determined by surface owner or will reflect the native vegetation.**

11. Surface ownership:

<b>Access road</b>	<b>Fee</b>
<b>Location</b>	<b>Fee</b>
<b>Pipe line</b>	<b>Fee</b>

12. Other information:

A) Vegetation

The vegetation coverage is Slight. The majority of the existing vegetation consists of Sagebrush. Rabbit brush, Bitter Brush, and Indian Rice grass are also found on the location.

B) Dwellings:

There are no dwelling or other facilities within a one-mile radius of the location.

C) Archeology:

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface owner.

D) Water:

The nearest water is Willow Creek located approximately 2.5 miles to the East.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior application.

F) Notification:

- a) Location Construction  
At least forty eight (48) hours prior to construction of location and access roads.
- b) Location completion  
Prior to moving on the drilling rig.
- c) Spud notice  
At least twenty-four (24) hours prior to spudding the well.
- d) Casing string and cementing  
At least twenty-four (24) hours prior to running casing and cementing all casing strings.

e) BOP and related equipment tests

At least twenty-four (24) hours prior to initial pressure tests.

- f) First production notice  
Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

G) Flare pit:

The flare pit will be located in **corner C** of the reserve pit out side the pit fences and 100 feet from the bore hole on the east side of the location. All fluids will be removed from the pit within 48 hours of occurrence.

13. Lessees or Operator's representative and certification

A) Representative(s)


JT Conley  
Slate River Resources, LLC  
418 East Main ST  
Vernal, UT 84078

Office 435-781-1871  
Fax 435-781-1875

Ginger P Stringham, Agent  
Paradigm Consulting, INC  
PO BOX 790203  
Vernal, UT 84079

Office 435-790-4163  
Fax 435-789-0255

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

  
Ginger P Stringham, Agent  
Paradigm Consulting, INC

**Onsite Dates:**

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

**B) Certification:**

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill-site and access route, that I am familiar with the conditions which presently exist, that the statements made in this plan are, to the best of my knowledge and belief, true and correct, and that the work associated with the operation proposed herein will be performed by Slate River Resources, LLC and its contractors and subcontractors in conformity with this plan and terms and conditions with this plan and the terms and conditions under which it is approved.

Date February 20, 2006

**RECEIVED**  
**MAY 06 2004**  
**WATER RIGHTS**  
**VERNAL**

# TEMPORARY APPLICATION TO APPROPRIATE WATER

Rec. by STW  
 Fee Paid \$ 75.00  
 Receipt # 04-01965

## STATE OF UTAH

For the purpose of acquiring the right to use a portion of the unappropriated water of the State of Utah, application is hereby made to the State Engineer, based upon the following showing of facts, submitted in accordance with the requirements of Title 73, Chapter 3, Utah Code Annotated 1953, as amended.

WATER RIGHT NUMBER: 49 - 2179

TEMPORARY APPLICATION NUMBER: T75377

(BMN)

\*\*\*\*\*

### 1. OWNERSHIP INFORMATION:

LAND OWNED? No

A. NAME: A-1 Tank Rental and Brine Service  
 ADDRESS: P. O. Box 1168  
 Vernal UT 84078

B. PRIORITY DATE: May 6, 2004

FILING DATE: May 6, 2004

### 2. SOURCE INFORMATION:

A. QUANTITY OF WATER: 10.0 acre-feet

B. SOURCE: Willow Creek

COUNTY: Uintah

C. POINT OF DIVERSION -- SURFACE:

(1) N 150 feet W 650 feet from SE corner, Section 29, T 12S, R 21E, SLBM  
 DIVERT WORKS: Pump into tank trucks and haul to place of use

D. COMMON DESCRIPTION: 30 miles southwest of Vernal

### 3. WATER USE INFORMATION:

OIL EXPLORATION: from May 15 to May 1 Drilling and completion of oil/gas wells  
 in the south Ouray area.

Period of Use - May 15, 2004 to May 14, 2005.

\*-----\*

### 4. PLACE OF USE: (which includes all or part of the following legal subdivisions:)

BASE	TOWN	RANG	SEC	NORTH-WEST 1/4				NORTH-EAST 1/4				SOUTH-WEST 1/4				SOUTH-EAST 1/4			
				NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE	NW	NE	SW	SE
SL	10S	21E		Entire TOWNSHIP															
SL	10S	22E		Entire TOWNSHIP															
SL	11S	21E		Entire TOWNSHIP															
SL	11S	22E		Entire TOWNSHIP															
SL	12S	21E		Entire TOWNSHIP															
SL	12S	22E		Entire TOWNSHIP															

Temporary Appropriation

### **Statement of use of Hazardous Materials**

No chemical(s) from the EPA's consolidated list of Chemicals Subject to Reporting under Title III of the Superfund Amendments and Reauthorization, Act (SARA) of 1986 will be used, produced, transported, stored, disposed, or associated with the proposed action. No extremely hazardous substances, as defined in 40 cfr 355, will be used, produced, stored, transported, disposed, or associated with the proposed action.

If you require additional information please contact:

Ginger Stringham  
Agent for Slate River Resources, LLC  
Paradigm Consulting, INC  
PO BOX 790203  
Vernal, UT 84079

435-790-4163 Office  
435-789-0255 Fax

**Operator****Slate River Resources, LLC**

JT Conley  
418 East Main.  
Vernal UT. 84078  
435-781-1871

**Comet Pipeline**

475 17<sup>th</sup> Street, Ste. 510  
Denver, CO 80202  
John Dyer 303-292-0949

**Surface and Mineral owners****Surface****Uintah Oil Association**

c/o Edward M. Bown  
1972 E. Claremont Way  
Salt Lake City, UT 84108  
Attn: Ed Bowns  
801-281-0930

**Utah Oil Shale, Inc.**

c/o Edward M. Bown  
1972 E. Claremont Way.  
Salt Lake City, UT 84108  
Attn: Ed Bowns  
801-281-0930

**Mustang Fuel Corporation**

13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
Attn: David Salter  
405-748-9464

**Minerals****Eagle Minerals Ltd., an Oklahoma Corporation**

13439 Broadway Extension  
Oklahoma City, OK 73114-2202



## **Operator**

### **Slate River Resources, LLC**

JT Conley  
418 East Main.  
Vernal UT. 84078  
435-781-1871

### **Comet Pipeline**

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### **Surface**

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801-281-0930

#### **Mustang Fuel Corporation**

13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
Attn: David Salter  
405-748-9464

### **Minerals**

#### **Eagle Minerals Ltd., an Oklahoma Corporation**

13439 Broadway Extension  
Oklahoma City, OK 73114-2202

Surface:

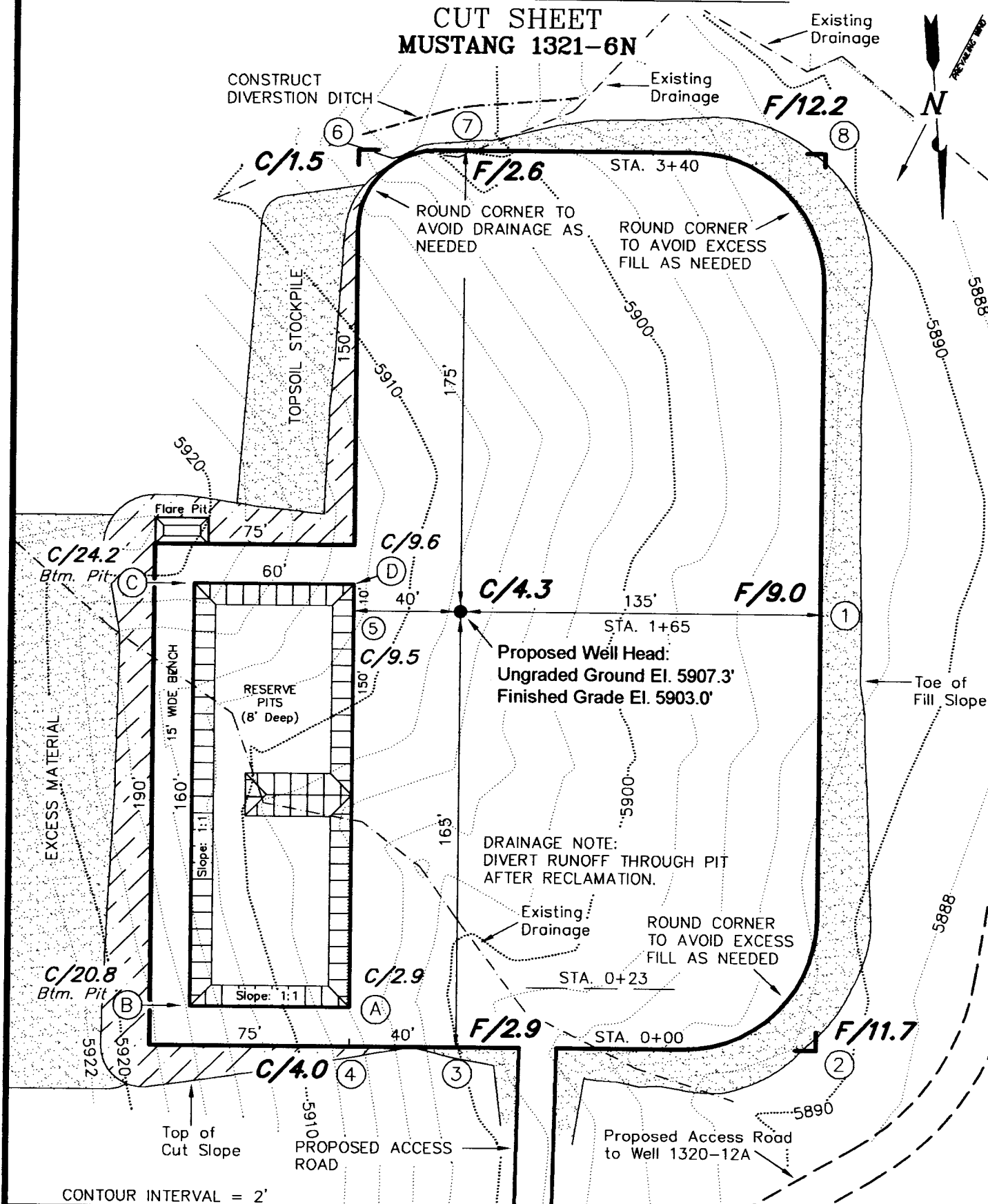
Mustang Fuel Corporation  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202  
ATTN: David Salter  
405-748-9464

Minerals:

Eagle Minerals LTD., an Oklahoma Corporation  
13439 Broadway Extension  
Oklahoma City, OK 73114-2202

# SLATE RIVER RESOURCES, LLC

## CUT SHEET MUSTANG 1321-6N



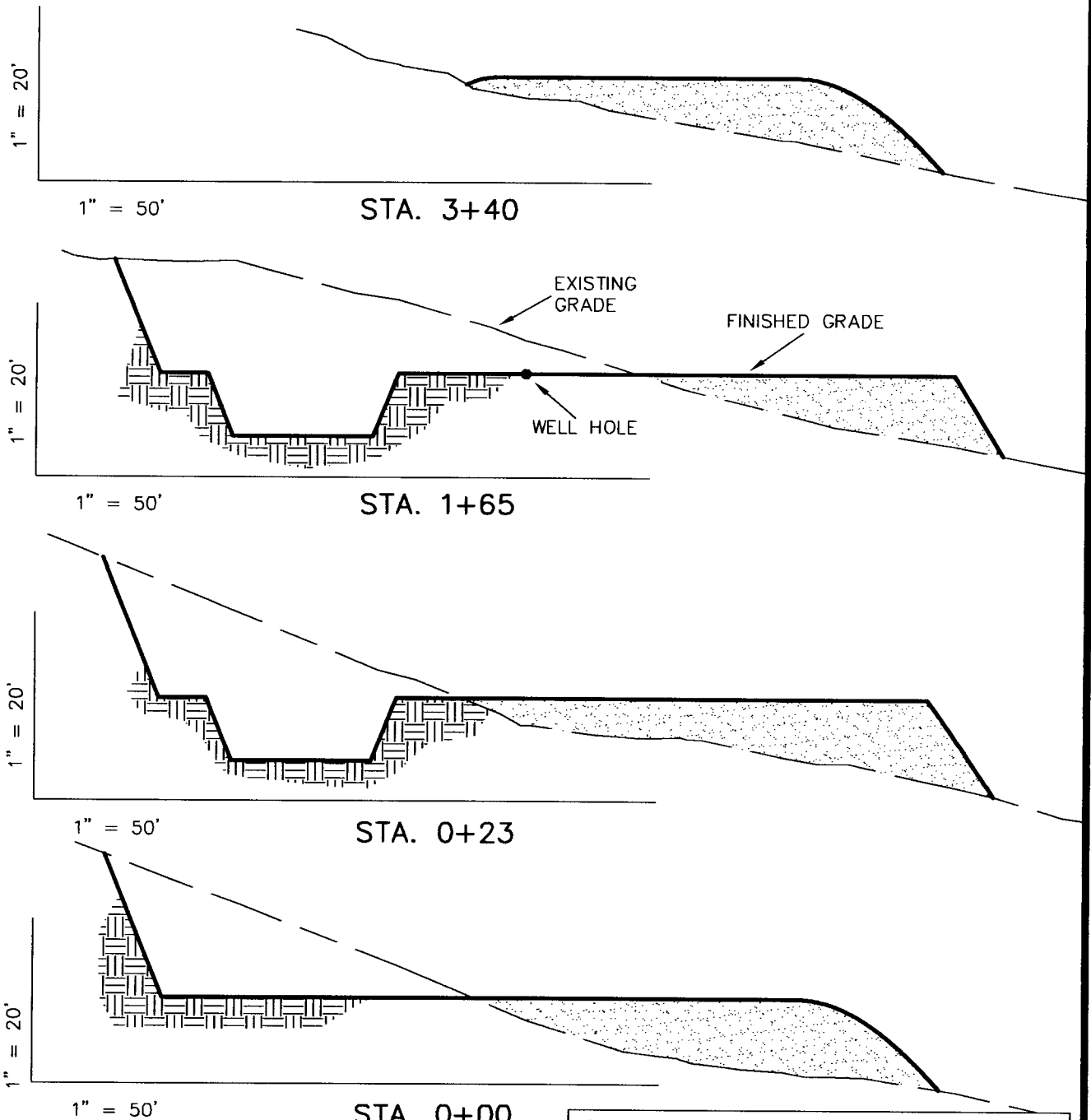
CONTOUR INTERVAL = 2'

Section 6, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE SW	Footage Location: 712' FSL & 1569' FWL
Date Surveyed: 2-22-05	Date Drawn: 2-24-05	Date Last Revision:	<b>Timberline</b> Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078 (435) 789-1365
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'	

SHEET  
2  
OF 10

# SLATE RIVER RESOURCES, LLC

## CROSS SECTIONS MUSTANG 1321-6N



### REFERENCE POINTS

225' SOUTHERLY = 5901.4'  
 275' SOUTHERLY = 5899.4'  
 185' WESTERLY = 5890.1'  
 235' WESTERLY = 5887.1'

NOTE:  
 UNLESS OTHERWISE NOTED  
 CUT SLOPES ARE AT 1:1  
 FILL SLOPES ARE AT 1.5:1

### ESTIMATED EARTHWORK QUANTITIES (Expressed in Cubic Yards)

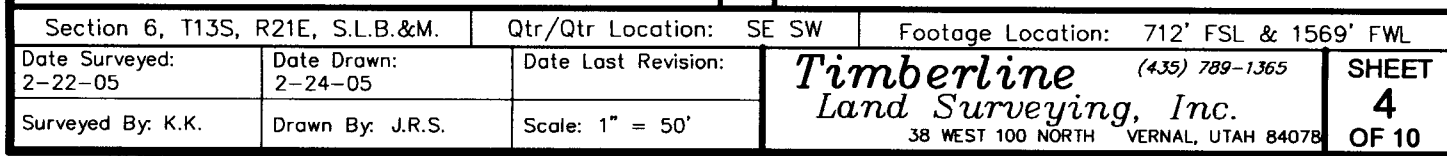
ITEM	CUT	FILL	6" TOPSOIL	EXCESS
PAD	8,310	9,440	Topsoil is not included in Pad Cut	-1,130
PIT	2,270	0		2,270
TOTALS	10,580	9,440	1,630	1,140

Excess Material after Pit Rehabilitation = 0 Cu. Yds.

Section 6, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE SW	Footage Location: 712' FSL & 1569' FWL
Date Surveyed: 2-22-05	Date Drawn: 2-24-05	Date Last Revision:	<b>Timberline</b> Land Surveying, Inc. 38 WEST 100 NORTH VERNAL, UTAH 84078 (435) 789-1365
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'	
			SHEET <b>3</b> OF 10

## TYPICAL RIG LAYOUT

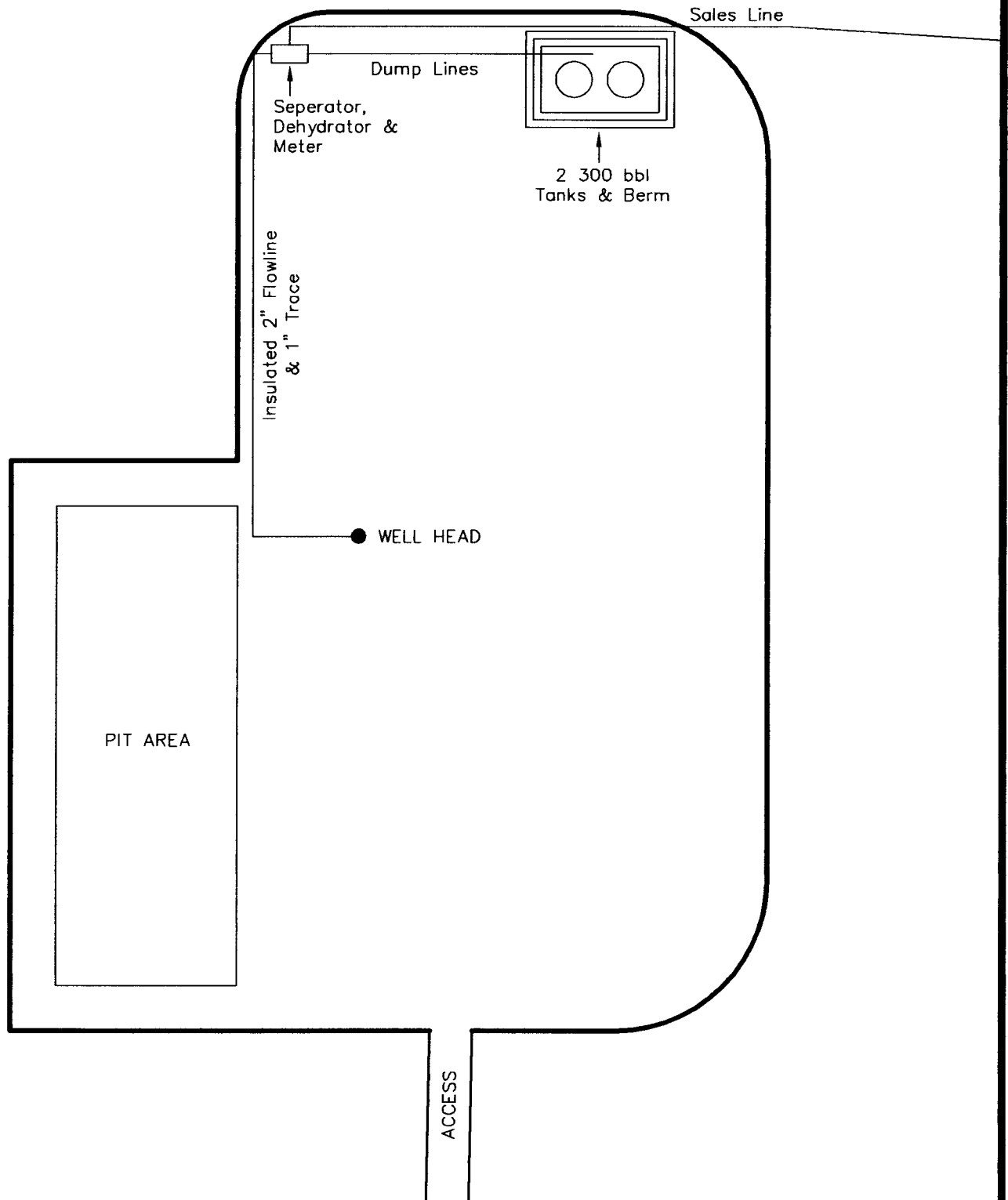
### MUSTANG 1321-6N



# SLATE RIVER RESOURCES, LLC

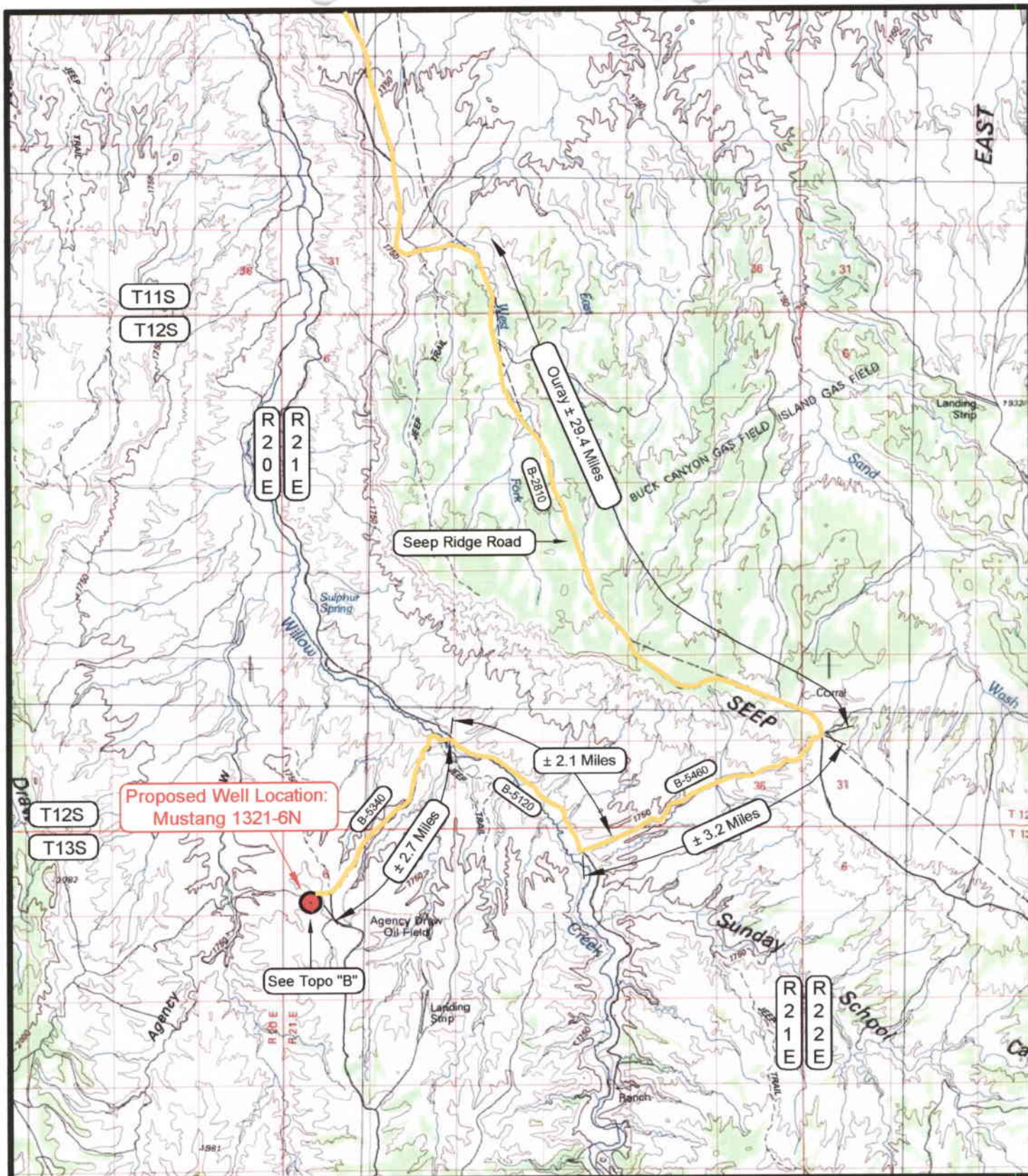
## TYPICAL PRODUCTION LAYOUT

### MUSTANG 1321-6N



Section 6, T13S, R21E, S.L.B.&M.		Qtr/Qtr Location: SE SW	Footage Location: 712' FSL & 1569' FWL
Date Surveyed: 2-22-05	Date Drawn: 2-24-05	Date Last Revision:	<b>Timberline</b> (435) 789-1365
Surveyed By: K.K.	Drawn By: J.R.S.	Scale: 1" = 50'	<b>Land Surveying, Inc.</b>
38 WEST 100 NORTH VERNAL, UTAH 84078			<b>SHEET 5 OF 10</b>





# LEGEND

- = PROPOSED WELL LOCATION
- = EXISTING ROAD
- = PROPOSED ACCESS ROAD

(B-5460) = COUNTY ROAD CLASS & NUMBER

## TOPOGRAPHIC MAP "A"

SCALE: 1:100,000

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

REVISED:

## SLATE RIVER RESOURCES, LLC

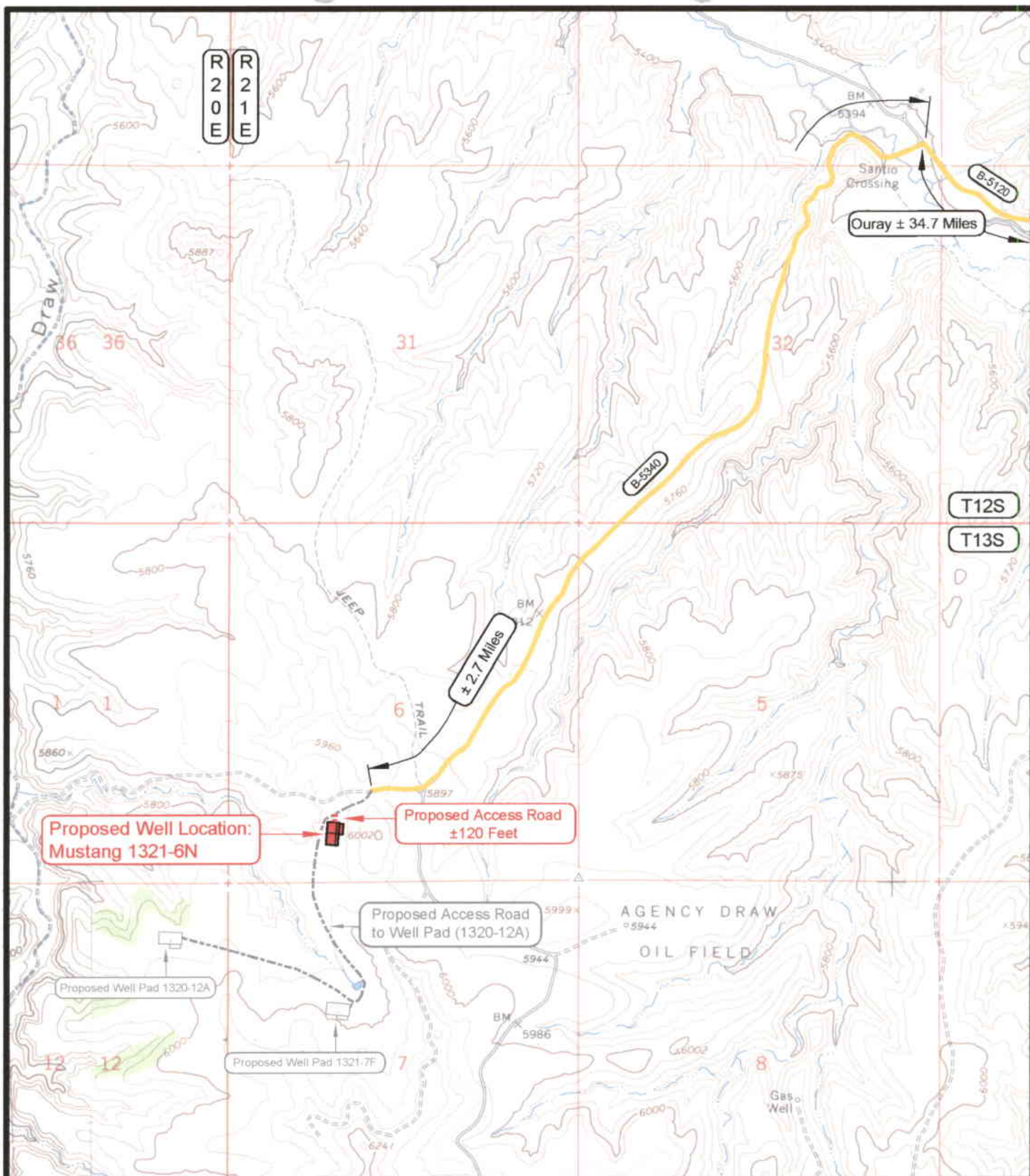
**Mustang 1321-6N**  
**SECTION 6, T13S, R21E, S.L.B.&M.**  
**712' FSL & 1569' FWL**

**Timberline Land Surveying, Inc.**

38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET  
**6**  
 OF 10





#### LEGEND

- = EXISTING ROAD
- = EXISTING ROAD (TO BE IMPROVED)
- = PROPOSED ACCESS ROAD
- B-5460 = COUNTY ROAD CLASS & NUMBER

#### TOPOGRAPHIC MAP "B"

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

REVISED:

#### SLATE RIVER RESOURCES, LLC

**Mustang 1321-6N**  
**SECTION 6, T13S, R21E, S.L.B.&M.**  
**712' FSL & 1569' FWL**

**Timberline Land Surveying, Inc.**

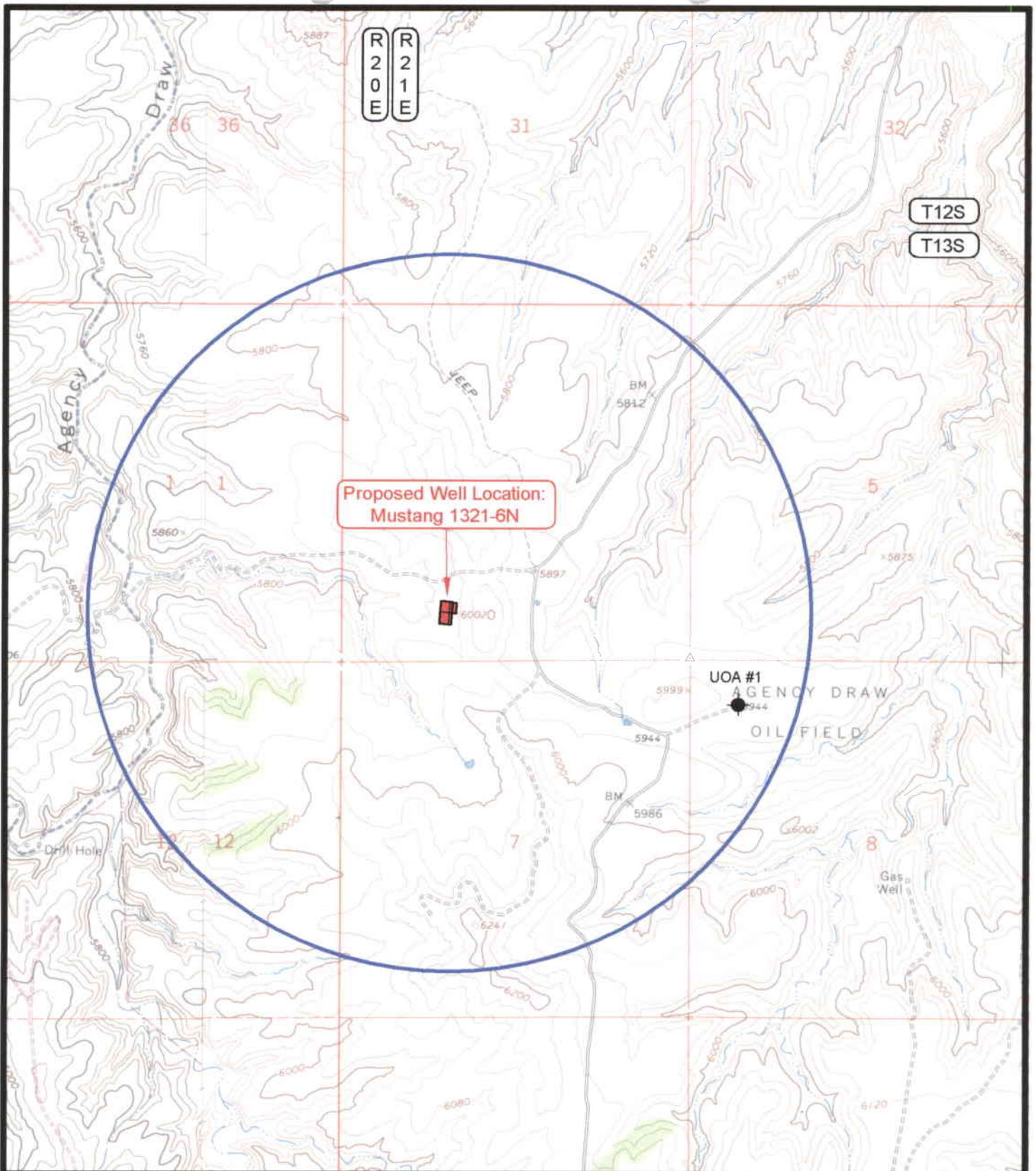
38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

SHEET

7

OF 10





#### LEGEND

- |                    |                                |
|--------------------|--------------------------------|
| ⊘ = DISPOSAL WELL  | ⊘ = WATER WELL                 |
| ● = PRODUCING WELL | ● = ABANDONED WELL             |
| ● = SHUT IN WELL   | ● = TEMPORARILY ABANDONED WELL |

#### TOPOGRAPHIC MAP "C"

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

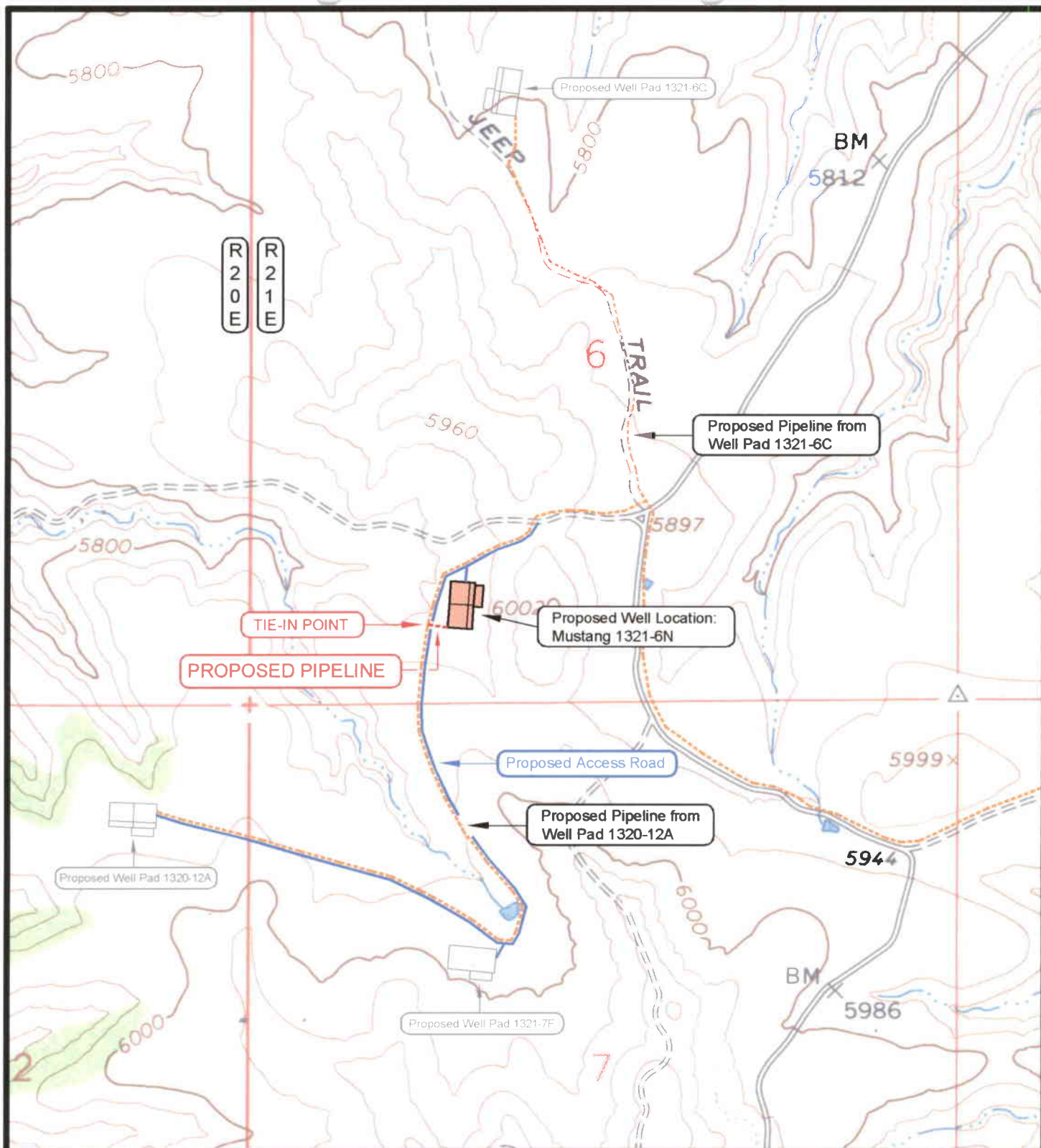
REVISED:

#### SLATE RIVER RESOURCES, LLC

**Mustang 1321-6N**  
**SECTION 6, T13S, R21E, S.L.B.&M.**  
**712' FSL & 1569' FWL**

**Timberline Land Surveying, Inc.**  
 38 West 100 North Vernal, Utah 84078  
 (435) 789-1365

**SHEET**  
**8**  
**OF 10**



APPROXIMATE PIPELINE LENGTH = 145 FEET

#### LEGEND

- = EXISTING PIPELINE
- .-.- = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD

#### TOPOGRAPHIC MAP "D"

SCALE: 1" = 1000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

REVISED:

#### SLATE RIVER RESOURCES, LLC

Mustang 1321-6N

SECTION 6, T13S, R21E, S.L.B.&M.

712' FSL & 1569' FWL

Timberline Land Surveying, Inc.

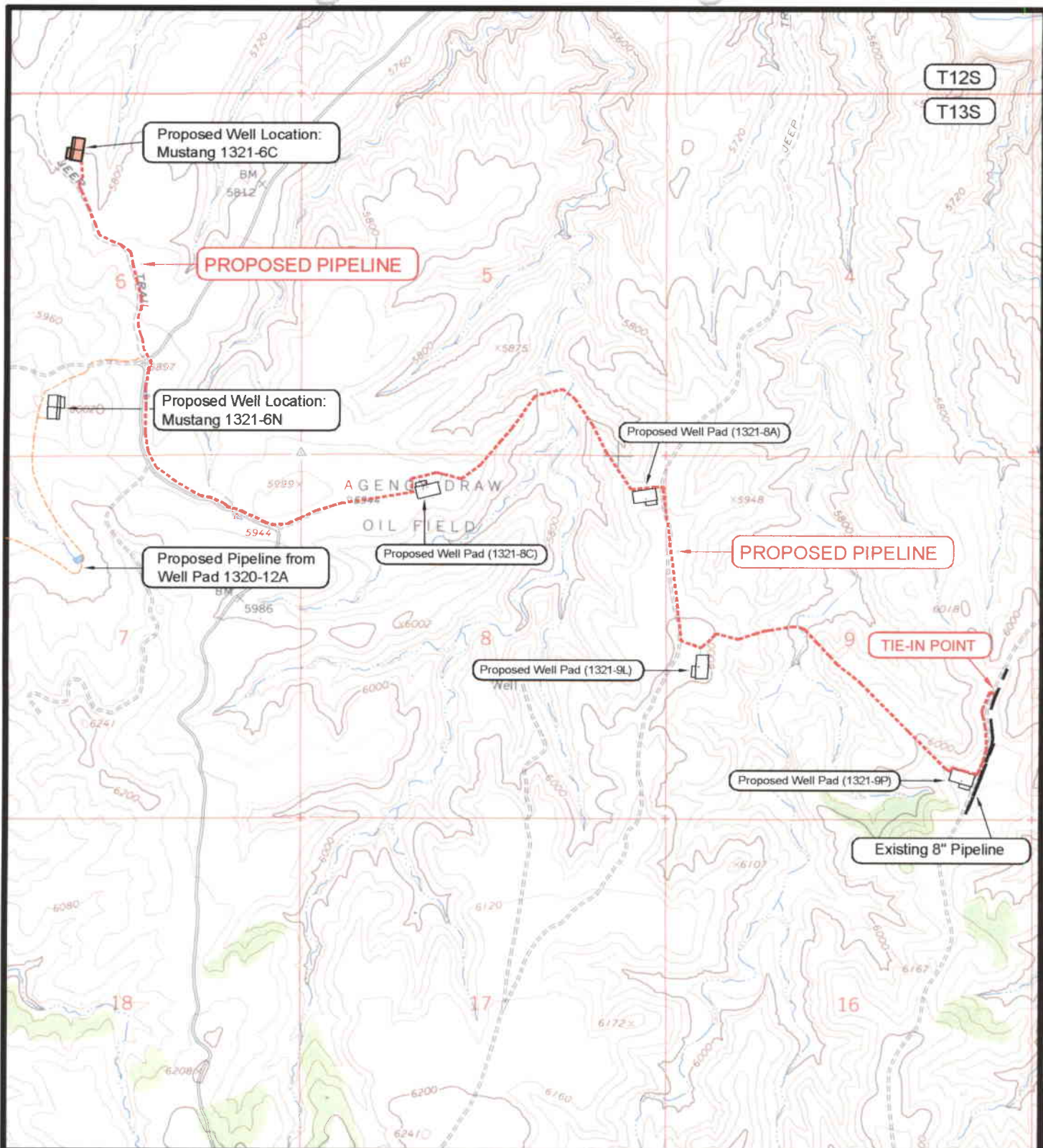
38 West 100 North Vernal, Utah 84078  
(435) 789-1365

SHEET

9

OF 10





**APPROXIMATE PIPELINE LENGTH = 23,090'**

#### LEGEND

- — — — — = EXISTING PIPELINE
- - - - - = PROPOSED PIPELINE
- — — — — = PROPOSED ACCESS ROAD

#### TOPOGRAPHIC MAP "D-1"

SCALE: 1" = 2000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-24-05

LATEST REVISION: 3-3-05

#### SLATE RIVER RESOURCES, LLC

**Mustang 1321-6N**

**Proposed Pipeline from Well 1321-6C to Tie In  
SECTIONS 5, 6, 7, 8 & 9, T13S, R21E, S.L.B.&M.  
712' FSL & 1569' FWL**

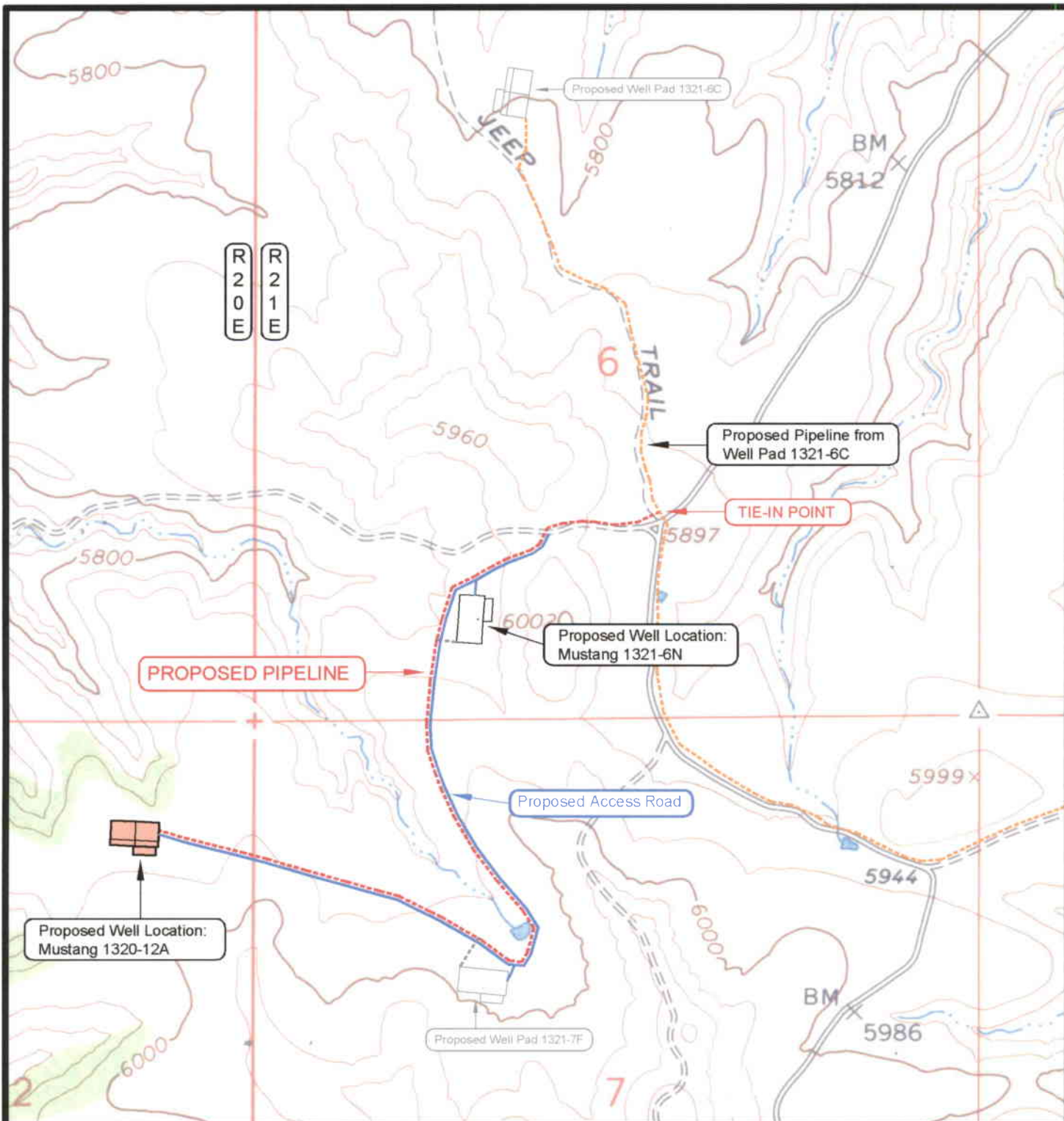
**Timberline Land Surveying, Inc.**

38 West 100 North Vernal, Utah 84078  
(435) 789-1365

SHEET

9a

OF 10



**APPROXIMATE PIPELINE LENGTH = 7,270 FEET**

#### LEGEND

- = EXISTING PIPELINE
- - - - = PROPOSED PIPELINE
- = PROPOSED ACCESS ROAD

**TOPOGRAPHIC MAP "D-2"**

SCALE: 1" = 1000'

DRAWN BY: J.R.S.

DATE SURVEYED: 2-22-05

DATE DRAWN: 2-25-05

REVISED:

#### SLATE RIVER RESOURCES, LLC

**Mustang 1321-6N**

**Proposed Pipeline from Well 1320-12A to Tie In  
at Proposed Pipeline from Well Pad 1321-6C**

**Sections 6 & 7, T13S, R21E, S.L.B.&M. &  
Section 12, T13S, R20E, S.L.B.&M.**

**712' FSL & 1569' FWL**

**Timberline Land Surveying, Inc.**

38 West 100 North Vernal, Utah 84078  
(435) 789-1385

SHEET

**9b**

OF 10



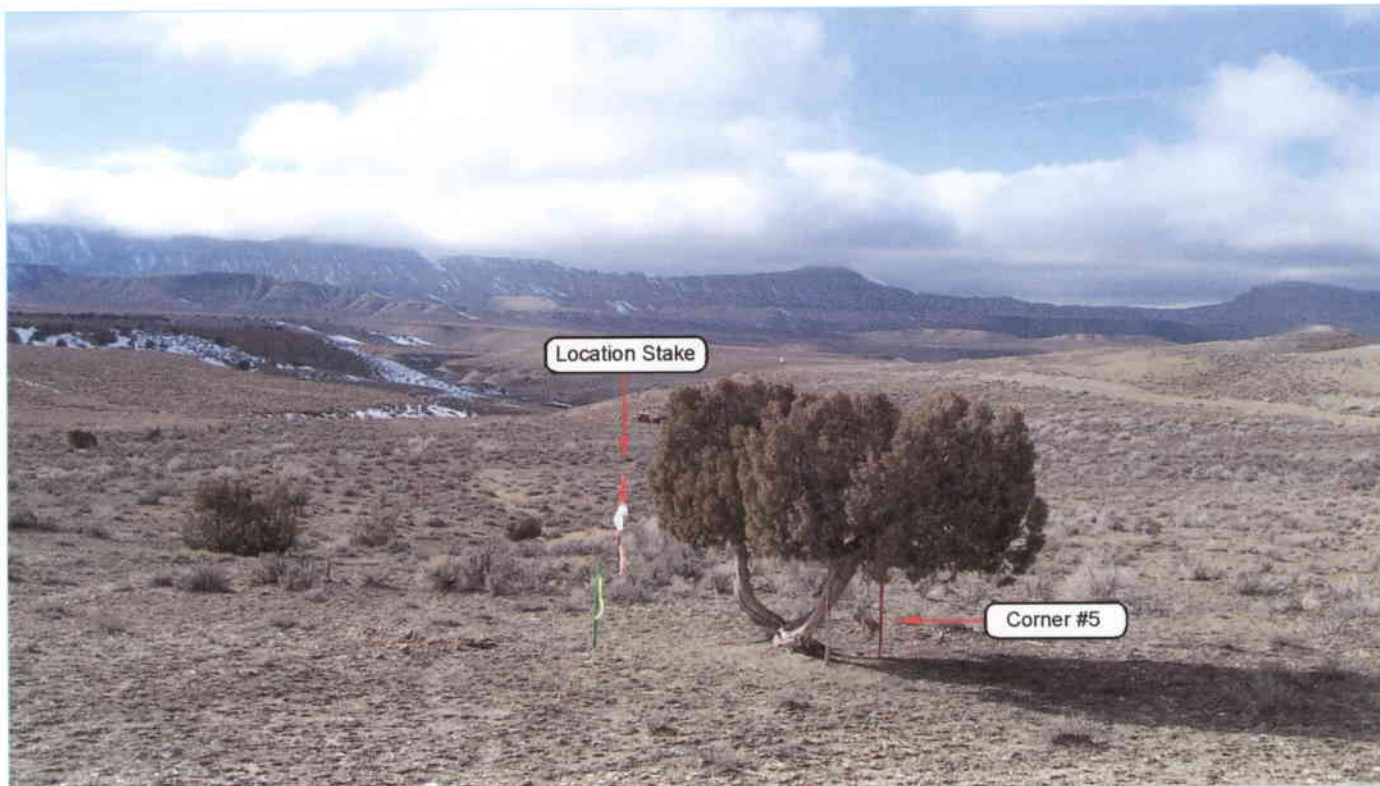


PHOTO VIEW: FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY

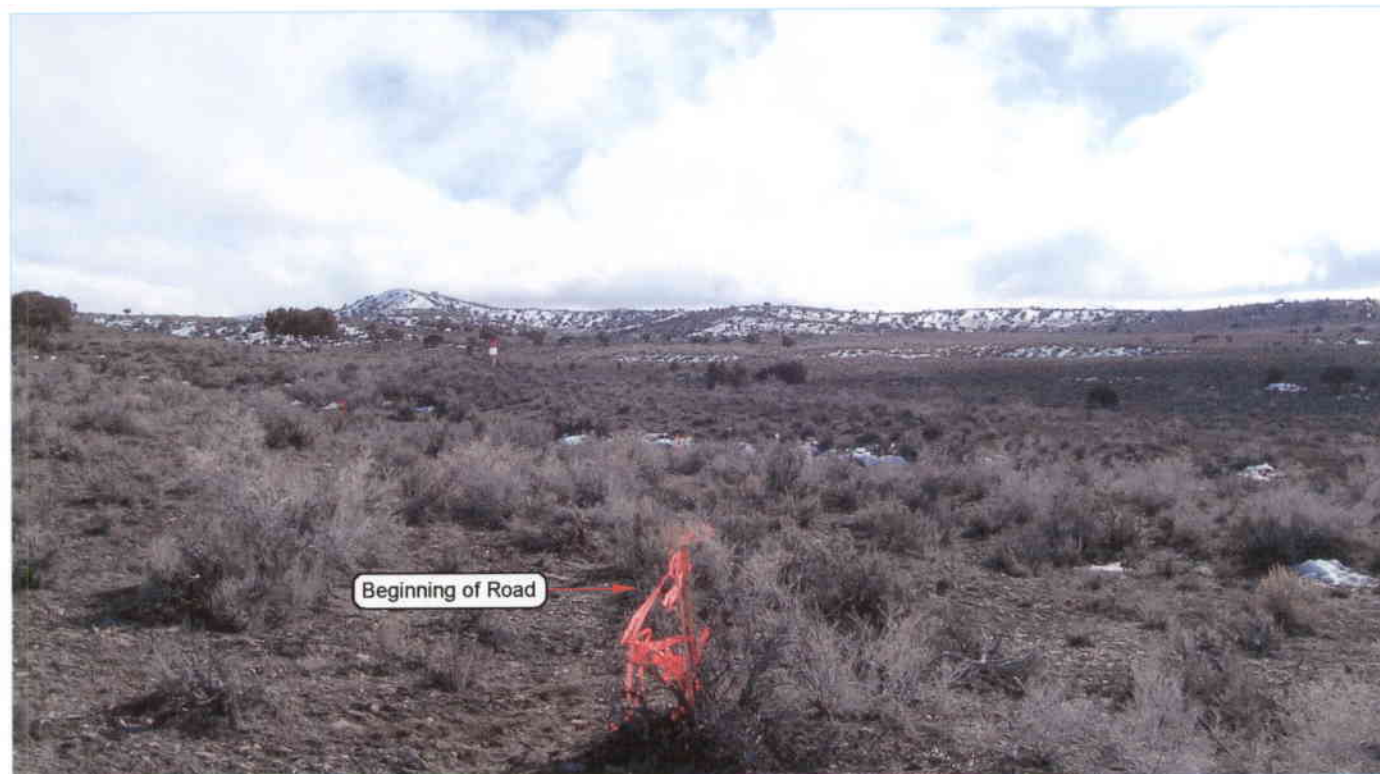


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHERLY

## SLATE RIVER RESOURCES, LLC

**Mustang 1321-6N  
SECTION 6, T13S, R21E, S.L.B.&M.  
712' FSL & 1569' FWL**

### LOCATION PHOTOS

TAKEN BY: K.K.

DRAWN BY: J.R.S.

DATE TAKEN: 2-22-05

DATE DRAWN: 2-24-05

REVISED:

**Timberline Land Surveying, Inc.**  
38 West 100 North Vernal, Utah 84078  
(435) 789-1385

**SHEET  
10  
OF 10**





OPERATOR: SLATE RIVER RES (N2725)

SEC: 6 T. 13S R. 21E

FIELD: WILDCAT (001)

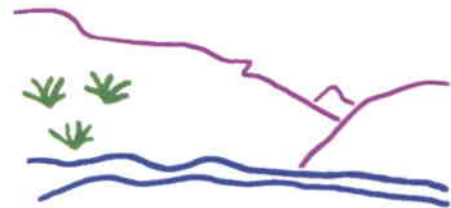
COUNTY: UINAH

CAUSE: 207-2 / 2-22-2006

**Field Status**  
 [ ] ABANDONED  
 [ ] ACTIVE  
 [ ] COMBINED  
 [ ] INACTIVE  
 [ ] PROPOSED  
 [ ] STORAGE  
 [ ] TERMINATED

**Unit Status**  
 [ ] EXPLORATORY  
 [ ] GAS STORAGE  
 [ ] NF PP OIL  
 [ ] NF SECONDARY  
 [ ] PENDING  
 [ ] PI OIL  
 [ ] PP GAS  
 [ ] PP GEOTHERML  
 [ ] PP OIL  
 [ ] SECONDARY  
 [ ] TERMINATED

**Wells Status**  
 [ ] GAS INJECTION  
 [ ] GAS STORAGE  
 [ ] LOCATION ABANDONED  
 [ ] NEW LOCATION  
 [ ] PLUGGED & ABANDONED  
 [ ] PRODUCING GAS  
 [ ] PRODUCING OIL  
 [ ] SHUT-IN GAS  
 [ ] SHUT-IN OIL  
 [ ] TEMP. ABANDONED  
 [ ] TEST WELL  
 [ ] WATER INJECTION  
 [ ] WATER SUPPLY  
 [ ] WATER DISPOSAL  
 [ ] DRILLING



*Utah Oil Gas and Mining*



PREPARED BY: DIANA WHITNEY  
 DATE: 08-MARCH-2006

**DIVISION OF OIL, GAS AND MINING  
APPLICATION FOR PERMIT TO DRILL  
STATEMENT OF BASIS**

**OPERATOR:** Slate River Resources, LLC  
**WELL NAME & NUMBER:** Mustang 1321-6N  
**API NUMBER:** 43-047-37863  
**LOCATION:** 1/4,1/4 SE/SW Sec: 06 TWP: 13S RNG: 21 E 712' FSL 1569' FWL

**Geology/Ground Water:**

Slate River proposes to set 2,000' of surface casing at this location. The base of the moderately saline water is at approximately 3,300 feet in this area. This location lies on the Green River Formation. The proposed location is in a recharge area for the aquifers of the Green River Formation and fresh water can be expected to be found in the Green River. A search of Division of Water Rights records indicates 2 water wells within a 10,000 foot radius of the proposed location. The wells are over a mile from the proposed location. They are 70 feet deep and is used for industrial purposes. The wells are owned by the Uintah Oil Association. The proposed casing and cement program should adequately protect any useable ground water.

**Reviewer:** Brad Hill **Date:** 04-27-2006

**Surface:**

At the request of Slate River Resources, a pre-site for this well was completed on April 18, 2006. Both the surface and minerals are privately owned. Mr. David Salter represents the owner, Mustang-Eagle Minerals. He was contacted by phone on March 21, 2006 and informed of and invited to participate in the presite. He said the company has no specific concerns and he would not attend.

The area poses no problems for drilling a well.

**Reviewer:** Floyd Bartlett **Date:** 04/19/2006

**Conditions of Approval/Application for Permit to Drill:**

1. A synthetic liner with a minimum thickness of 12 mils with a felt sub-liner shall be properly installed and maintained in the reserve pit.
2. A diversion ditch may be needed around the north side of the location. If needed, it should be constructed when the spoils are replaced into the reserve pit.
3. The pad, including the reserve pit will be widened 20 feet from what is shown in the plans.



**ON-SITE PREDRILL EVALUATION**  
**Division of Oil, Gas and Mining**

**OPERATOR:** Slate River Resources, LLC  
**WELL NAME & NUMBER:** Mustang 1321-6N  
**API NUMBER:** 43-047-37863  
**LEASE:** FEE **FIELD/UNIT:** Undesignated  
**LOCATION:** 1/4, 1/4 SE/SW **Sec:** 06 **TWP:** 13S **RNG:** 21 E 712' **FSL** 1569' **FWL**  
**LEGAL WELL SITING:** F **SEC. LINE;** F **1/4, 1/4 LINE;** F **ANOTHER WELL.**  
**GPS COORD (UTM):** 4396312 Y 0618970 X **SURFACE OWNER:** Mustang-Eagle Oil

**PARTICIPANTS**

Floyd Bartlett (DOGM), John Conley, (Vice President Slate River LLC,) Ginger Stringham, (Permit Consultant), Gary Gerber (Stubbs and Stubbs Construction), Colby Kay (Timberline Land Surveying),

**REGIONAL/SETTING TOPOGRAPHY**

Site is in Uintah County, Utah in the Agency Draw area approximately 68 miles south east of Vernal, UT. The Willow Creek drainage lies to the east and Hill Creek drainage is to the west. The general topography is characterized by open broad to narrow ridges or plateaus intersected by numerous draws or canyons, which often become steep. Drainage is generally northeasterly into Willow Creek, which contains a perennial stream. All drainages in the Agency Draw area are ephemeral. No streams, springs or seeps are known to exist in the area.

Access to the site from Ouray, UT is following the Seep Ridge Road south 29.4 miles from Ouray, UT, then south west 3.2 miles down the Uintah Co. road B-5460 to Willow Cr, then northwest 2.1 miles along Willow Cr and Uintah Co. road B-5120 to the Agency Draw road then following the Agency Draw road 2.7 miles. Then south along an oilfield development road a short distance to a point where 120 feet of road will be constructed south to the proposed location. (See Topographic Sheets "A and B" of the APD)

This location is on the northwest side of a moderately sloping ridge. Small swales or draws intersect the location from the east.

**SURFACE USE PLAN**

CURRENT SURFACE USE: Winter sheep grazing, limited big game hunting and general recreation.

PROPOSED SURFACE DISTURBANCE: Location of 340' x 195' and a reserve pit of 80' x 160' with an additional 10' wide bench. Note : The pad and reserve pit both will be widened an additional 20 feet from what is shown in the CUT SHEET, SHEET 2. Approximately 120 feet of new access road will be constructed. A pipeline 145 feet in length will be overlaid to an existing pipeline.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: See Topographic Map "C". Several other wells are planned as the field develops.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All production facilities will be on location and added after drilling well. A short pipeline will be laid overland to a tie-in point with an existing pipeline.

SOURCE OF CONSTRUCTION MATERIAL: All construction material will be obtained from the site.

ANCILLARY FACILITIES: None will be required.

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST CONCERNS? (EXPLAIN). No public concerns or interests are expected from drilling this well.

#### **WASTE MANAGEMENT PLAN:**

Drilled cuttings will be settled into reserve pit. Liquids from pit will be allowed to evaporate. Formation water will be confined to storage tanks. Commercial contractor will handle sewage facilities, storage and disposal. Trash will be contained in trash baskets and hauled to an approved land fill.

#### **ENVIRONMENTAL PARAMETERS**

AFFECTED FLOODPLAINS AND/OR WETLANDS: None.

FLORA/FAUNA: Poorly vegetated with a desert shrub type consisting of black sage, shadscale, curly mesquite, broom snakeweed, big sage, yucca, and poa spp. Winter sheep grazing, wild horses, deer, elk, mountain lion, coyote and other small mammals and birds.

SOIL TYPE AND CHARACTERISTICS: Sandy clay loam. Some exposed small fractured rock on the location.

EROSION/SEDIMENTATION/STABILITY: Some erosion, primarily induced from domestic sheep grazing exists. Sedimentation and stability are not a problem and location construction shouldn't cause an increase in stability or erosion problems. A diversion ditch may be needed on the north side of the location to catch and divert possible flows. If needed, this will be constructed after the reserve pit is closed.

PALEONTOLOGICAL POTENTIAL: None observed.

#### **RESERVE PIT**

CHARACTERISTICS: 80' x 160' x 10' deep, located on the northeast corner of the location. , The reserve pit is all within cut. A 15' wide bench is planned around the outer edges. Two feet of freeboard is provided. The reserve pit will be widened from 60 feet as shown on the plans to 80 feet.

LINER REQUIREMENTS (Site Ranking Form attached). Level I sensitivity. A pit liner with a sub liner is required for the reserve pit. The operator stated they would line the pit with a at least a 16,mil liner and an appropriate sub-liner.

**SURFACE RESTORATION/RECLAMATION PLAN**

As per Land Owner Agreement.

**SURFACE AGREEMENT:**

A surface agreement has been executed and is on file.

**ARCULTURAL RESOURCES/ARCHAEOLOGY:** No Cultural or Archeological survey is required as per the Land Owner Agreement.

**OTHER OBSERVATIONS/COMMENTS**

None.

**ATTACHMENTS**

Photos of this site were taken and placed on file.

FLOYD BARTLETT  
DOGM REPRESENTATIVE

April 18, 2006; 12:00 Noon

DATE/TIME

**Evaluation Ranking Criteria and Ranking Scale  
For Reserve and Onsite Pit Liner Requirements**

<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>0</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	<u>0</u>
< 100	20	
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>10</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>5</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility		
Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

**Final Score**      25      (Level II Sensitivity)

Sensitivity Level I = 20 or more; total containment is required.

Sensitivity Level I = 15-19; lining is discretionary.

Sensitivity Level II = below 15; no specific lining is required.

# 05-06 Slate Mustang 1321-UN

## Casing Schematic

Green River

Surface

9-5/8"  
MW 8.4  
Frac 19.3

BHP

$$(0.52)(11)(8000) = 4576$$

Anticipate < 3000psi

Gw

$$(1.2)(8000) = 960$$

$$MASP = 3616$$

Fluid

$$(1.22)(8000) = 1760$$

$$MASP = 2816$$

BOPE - 3,000 ✓

Say csg - 2270

$$70\% = 1589$$

Mat pressure @ Say/Csg shoe = 3056

Test To 1589 ✓

✓ Adequate Dwg

5/4/06 4-1/2"  
MW 11.

TOC @  
0.

TOC @  
321.

1733  
Toe Tail

✓ w/ 78 cchshoot  
\* Surface stop

Surface  
2000. MD

2280 Mesatch

3300 BMSW

4289 Toe Tail

4780 Mesaverde

✓ w/ 186 cchshoot

7400 ManawS

Production  
8000. MD

Well name:	<b>05-06 Slate Mustang 1321-6N</b>	
Operator:	<b>Slate River Resources, LLC</b>	Project ID:
String type:	<b>Surface</b>	<b>43-047-37863</b>
Location:	<b>Uintah County</b>	

**Design parameters:**

**Collapse**

Mud weight: 8.400 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 103 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: Surface

**Burst**

Max anticipated surface pressure: 1,760 psi  
Internal gradient: 0.120 psi/ft  
Calculated BHP 2,000 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Tension is based on buoyed weight.  
Neutral point: 1,753 ft

Non-directional string.

**Re subsequent strings:**

Next setting depth: 8,000 ft  
Next mud weight: 11.000 ppg  
Next setting BHP: 4,571 psi  
Fracture mud wt: 19.250 ppg  
Fracture depth: 2,000 ft  
Injection pressure 2,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	2000	9.625	32.30	H-40	ST&C	2000	2000	8.876	126.8
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	873	1370	1.570	2000	2270	1.14	57	254	4.49 J

Prepared by: Clinton Dworshak  
Utah Div. of Oil & Mining

Phone: 801-538-5280  
FAX: 801-359-3940

Date: May 2, 2006  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 2000 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*

Well name:	<b>05-06 Slate Mustang 1321-6N</b>	
Operator:	<b>Slate River Resources, LLC</b>	Project ID:
String type:	Production	43-047-37863
Location:	Uintah County	

**Design parameters:**

**Collapse**

Mud weight: 11.000 ppg  
Design is based on evacuated pipe.

**Minimum design factors:**

**Collapse:**

Design factor 1.125

**Burst:**

Design factor 1.00

**Environment:**

H2S considered? No  
Surface temperature: 75 °F  
Bottom hole temperature: 187 °F  
Temperature gradient: 1.40 °F/100ft  
Minimum section length: 1,500 ft

Cement top: 321 ft

**Burst**

Max anticipated surface pressure: 1,800 psi  
Internal gradient: 0.346 psi/ft  
Calculated BHP 4,571 psi

No backup mud specified.

**Tension:**

8 Round STC: 1.80 (J)  
8 Round LTC: 1.80 (J)  
Buttress: 1.60 (J)  
Premium: 1.50 (J)  
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 6,684 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	8000	4.5	11.60	M-80	LT&C	8000	8000	3.875	185.4
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	4571	6350	1.389	4571	7780	1.70	78	267	3.44 B

Prepared Clinton Dworshak  
by: Utah Div. of Oil & Mining

Phone: 801-538-5280  
FAX: 801-359-3940

Date: May 2, 2006  
Salt Lake City, Utah

**Remarks:**

Collapse is based on a vertical depth of 8000 ft, a mud weight of 11 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

*Engineering responsibility for use of this design will be that of the purchaser.*



**State of Utah**

**Department of  
Natural Resources**

MICHAEL R. STYLER  
*Executive Director*

**Division of  
Oil, Gas & Mining**

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

May 4, 2006

Slate River Resource, LLC  
418 E Main St.  
Vernal, UT 84078

Re: Mustang 1321-6N Well, 712' FSL, 1569' FWL, SE SW, Sec. 6, T. 13 South,  
R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-37863.

Sincerely,

Gil Hunt  
Associate Director

pab  
Enclosures

cc: Uintah County Assessor



Operator: Slate River Resource, LLC  
Well Name & Number Mustang 1321-6N  
API Number: 43-047-37863  
Lease: Fee

Location: SE SW Sec. 6 T. 13 South R. 21 East

### Conditions of Approval

1. **General**

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for Permit to Drill.

2. **Notification Requirements**

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- 24 hours prior to cementing or testing casing
- 24 hours prior to testing blowout prevention equipment
- 24 hours prior to spudding the well
- within 24 hours of any emergency changes made to the approved drilling program
- prior to commencing operations to plug and abandon the well

The following are Division of Oil, Gas and Mining contacts and their work telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at (801) 538-5338
- Carol Daniels at (801) 538-5284 (spud)

3. **Reporting Requirements**

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

5. Surface casing shall be cemented to the surface.

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

CONFIDENTIAL

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER \_\_\_\_\_

2. NAME OF OPERATOR:  
Slate River Resources, LLC

3. ADDRESS OF OPERATOR:  
418 E. Main Ste 18 CITY Vernal STATE UT ZIP 84078

PHONE NUMBER:  
(435) 781-1870

5. LEASE DESIGNATION AND SERIAL NUMBER:

FEE

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:  
Mustang 1321-6N

9. API NUMBER:  
4304737863

10. FIELD AND POOL, OR WILDCAT:  
Wildcat

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 712' FSL 1569' FWL

COUNTY: Uintah

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESW 6 13S 21E

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

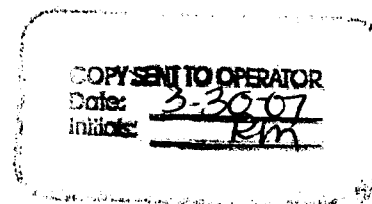
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 5/4/2007	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: APD Extension
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Slate River Resources, LLC requests a one year extension from 5/4/2007 to 5/4/2008 on the Application for Permit to Drill for the above referenced location due to expire 5/4/2007.

Approved by the  
Utah Division of  
Oil, Gas and Mining

Date: 03-29-07  
By: [Signature]



NAME (PLEASE PRINT) Lucy Nemeec

TITLE Sr. Operations Specialist

SIGNATURE [Signature]

DATE 3/26/2007

(This space for State use only)

RECEIVED  
MAR 28 2007  
DIV. OF OIL, GAS & MINING

**Application for Permit to Drill  
Request for Permit Extension  
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

**API:** 4304737863  
**Well Name:** Mustang 1321-6N  
**Location:** SESW Section 6 T13S-R21E  
**Company Permit Issued to:** Slate River Resources, LLC  
**Date Original Permit Issued:** 5/4/2006

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

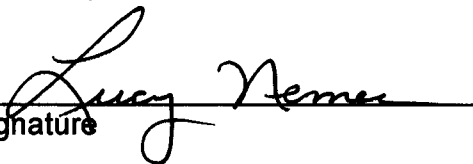
Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

  
Signature

3/26/2007  
Date

**Title:** Sr. Operations Specialist

**Representing:** Slate River Resources, LLC

**RECEIVED**  
**MAR 28 2007**  
DIV. OF OIL, GAS & MINING



JON M. HUNTSMAN, JR.  
Governor

GARY R. HERBERT  
Lieutenant Governor

# State of Utah

## DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER  
Executive Director

### Division of Oil Gas and Mining

JOHN R. BAZA  
Division Director

April 3, 2008

Lucy Nemec  
Slate River Resources, LLC  
418 East Main, Ste. 18  
Vernal, UT 84078

43-047-37863

Re: APDs Rescinded at the request of Slate River Resources, LLC


Dear Ms. Nemec:

Enclosed find the list of APDs that you requested to be rescinded to Slate River Resources, LLC. No drilling activity at these locations has been reported to the division. Therefore, approval to drill these wells is hereby rescinded, effective April 3, 2008.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject locations.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

  
Diana Mason  
Environmental Scientist

cc: Well File  
Brad Hill, Technical Services Manager



Mustang 1220-22P  
Mustang 1220-24L  
Mustang 1220-26B  
Mustang 1220-26P  
Mustang 1220-27K  
Mustang 1220-35F  
Mustang 1320-01B  
Mustang 1320-03B  
Mustang 1320-13N  
Mustang 1320-15B  
Mustang 1321-06N  
Uintah Oil Assoc 1221-31I  
Uintah Oil Assoc 1321-05L  
Uintah Oil Assoc 1321-05F

43-047-37863